SOME THOUGHTS ON PORTFOLIO MGMT

(Implicit load/capacity balancing in popular release mgmt models)

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www.42stc.com

Most frequent challenges – or, what's biding you?

Aside from Confusion, Chaos & Overload

Common challenges

#Prison3DotZero

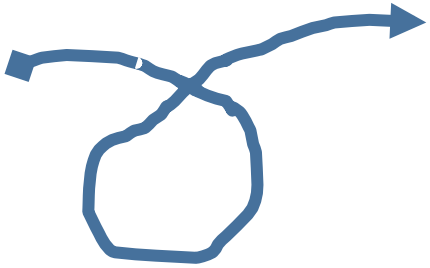
STRUCTURE – working against you

most IDEAS are bad

Most have much more capacity than anyone can imagine

Looking where the light is

FOCUS – not what you can; what you should



the GAME is changing – new technology; new entrants; new everything

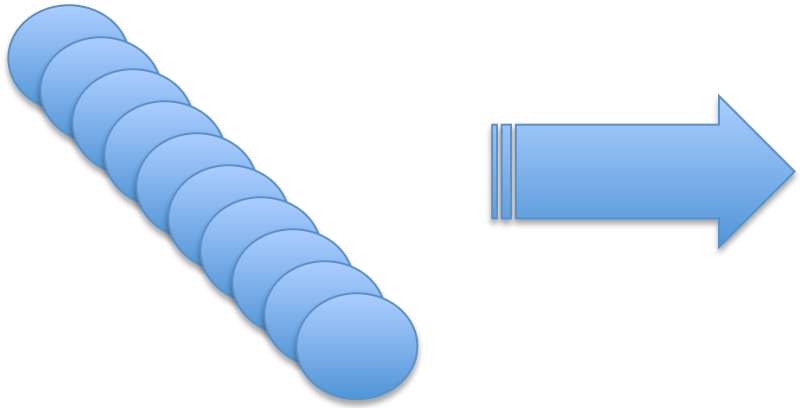
What sometimes go wrong in managing the portfolio

- *Bundling drivers*
  - *Risks, purposes and complexities*
- *Missing the signs that everything is not well*
  - *Lack of transparency and comparability – no response to obvious signs*
- *Overload*
  - *Too big and too many projects*
- *Too low level of detail in planning and estimation*
  - *Planning and estimation is like alcohol; the more you look into the bottle, the more you realize that the answer isn't there*
- *More?*

Managing portfolio – some theses

- *Ability to steer comes from visibility and comparability*
- *Predictability comes from executing to capacity at a balanced risk level*
- *Success in execution comes from fast and frequent feedback – from seeking the certainty and the validation*
- *Success in business comes from … (cost of delay)*

Racetrack for comparability



Similar things racing on the same track are directly comparable

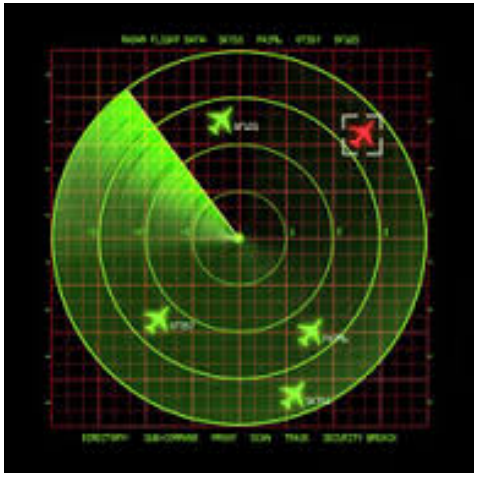
Micro fund round by round for transparency and continuous grooming

Optimal size: 7-11 lanes
Optimal track length: typical 2-3 weeks or 2-3 months depending on level; never more than 6 months

'never execute one project in isolation'

What is an airplane?

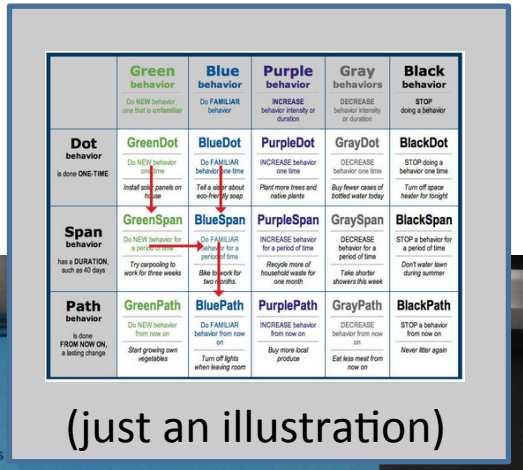
That depends …



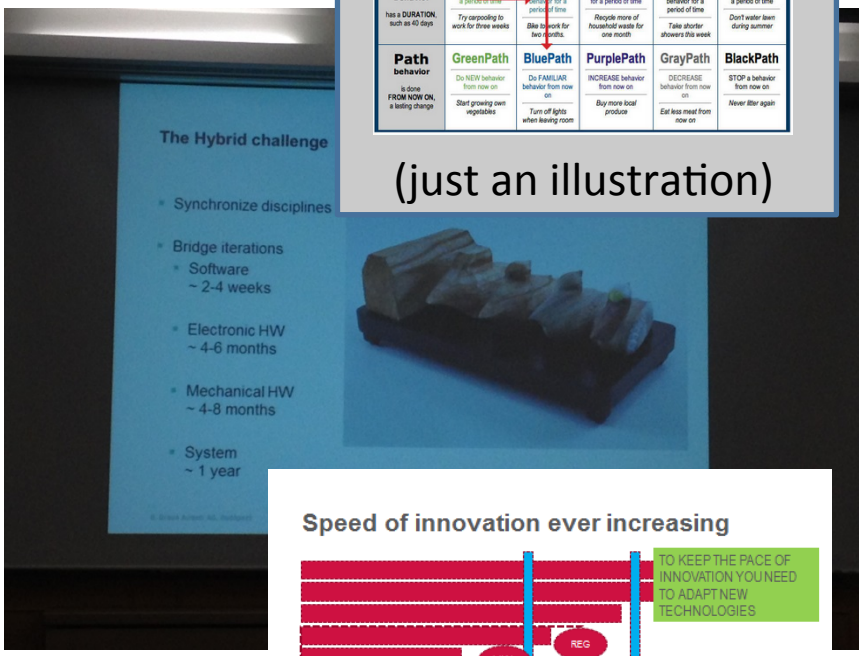
What is a project/program?

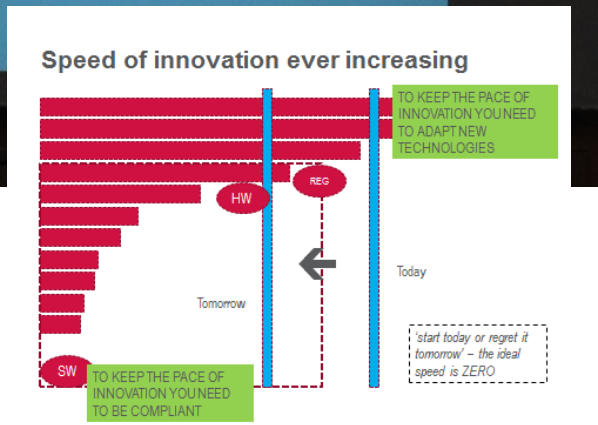
Grid-up projects/programs to compare

- Technology, product, improvement/change, …?
- Size?
- Complexity?
- Risk?
- Value?
- Drivers – generic/specific?
- ‘laws of nature’
  - Natural lead times
  - ‘climate changes’
- Look for trends/patterns
  - Lead time on UI
  - Combinations – new team/new technology …



(just an illustration)





Your example/exercise

- How would you grid-up your projects?
- How can you balance the value/risk/load/size/ scope on each project?
- How can you make projects comparable?
- How can you make ‘risk-exposure’ and ‘Time-To-React’ visible?

Examples (balance risk; constrain load - implicit)

Programs

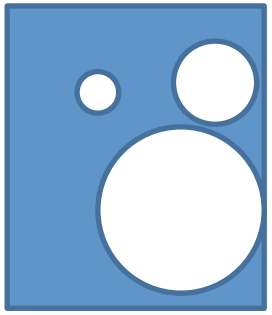
SIGNIFICANT

KNOWN CHALLENGE

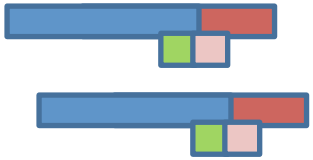
NO CHALLENGE

Even out technology risk

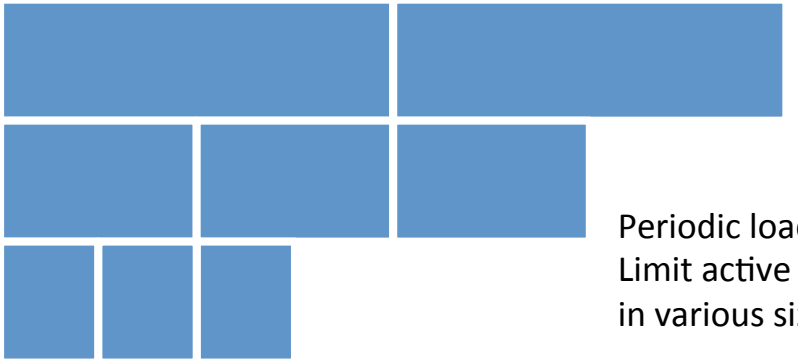
Releases



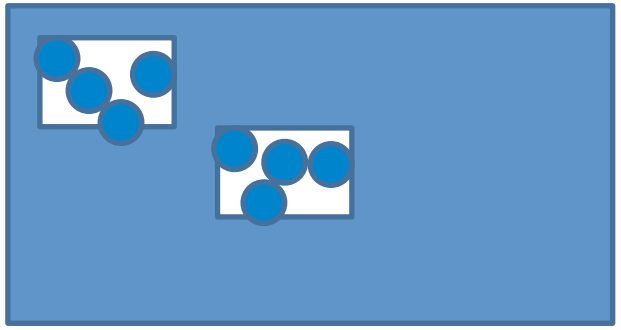
Boulders/rocks/pebbles



Project patterns/
Types of load



Periodic load
Limit active projects in various sizes



Using 2 magnets pr person for active tasks

SMICs – Significant Monthly Individual Contributions
A SMIC is a load of an individual of 1-3 weeks within a month
Total SMICS equals e.g. 3x#persone ➔ 1½ months full load

THANK YOU

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- CPM, Agile Transformation Coach, Nordea since 2015
- Principal Consultant, DELTA, 2012-2015
- 14 years in Nokia R&D – quality, testing, processes
- MSc & Phd in Computer Science from TUD
- See more from: www.linkedin.com/in/mortenelvang

- Personal belief: Create ***freedom to perform***
- Blog: www.42ndstreetcompany.com

- Interests: Agile, Lean, Innovation

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My thoughts about running large R&D operations

Strong culture and principles for operating

'Freedom to perform'

Eleven+1 Game Changing Beliefs

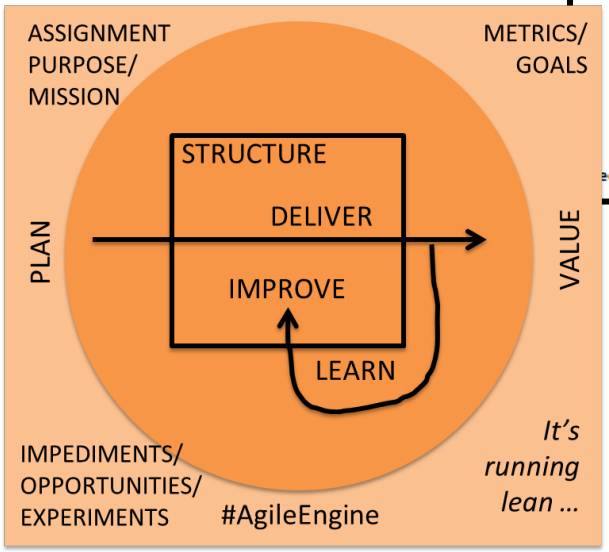
(based on version 1.1964)

- The OPPORTUNITY SPACE is huge – never stop searching
- Know and be who you are ... be RELENTLESS in what you are aiming for
- PEOPLE make the difference
- Enable everyone to EXPERIMENT, LEARN and ACT INTELLIGENTLY
- Understand what VALUE is and where it comes from
- Optimize the FLOW OF VALUE
- The worst COST is what you can't do, because of what you did
- Accept that MOST IDEAS ARE BAD
- Accept that MOST PROJECTS ARE CHAOTIC
- SMALL, FAST, SIMPLE beat large, slow, complex any day
- ENGAGE with the world – SHARE what you know – STEAL with pride
- In practice ACCOUNTABILITY is indivisible

ee more: www.42ndstreetcompany.com/game-changing-beliefs "Change your luck ... forever!"

Continuous focus on picking right change drivers to improve

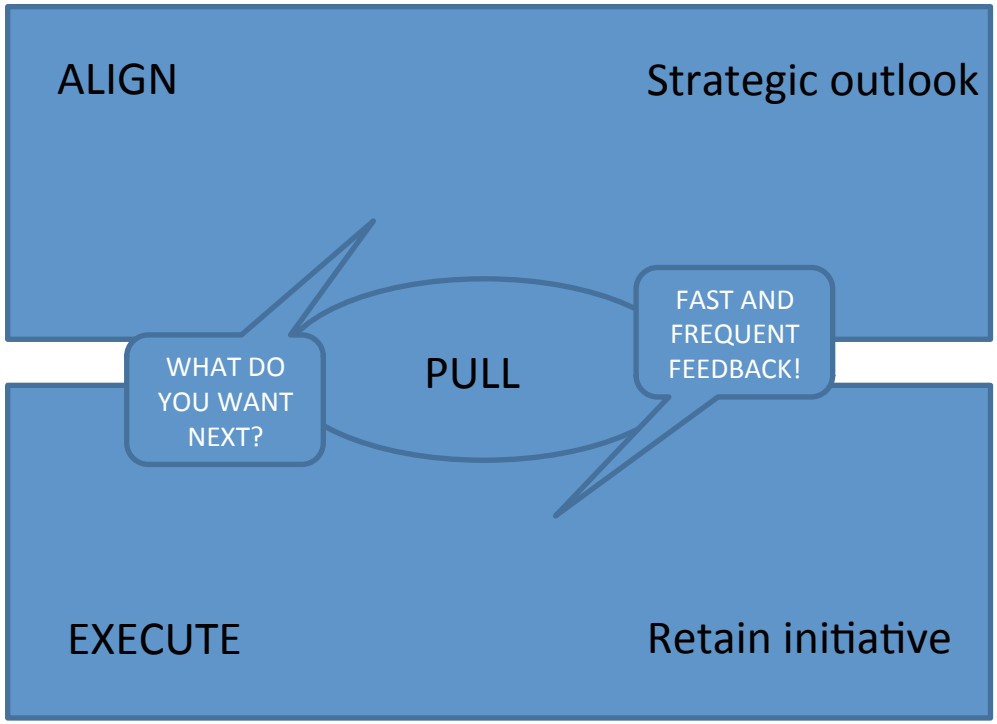
'The fastest learner will win'



See www.42stc.com

#NeverEndingGame:
- ADAPT
- IMPROVISE
- DELIVER

Align & Execute – create a closed-loop pull system

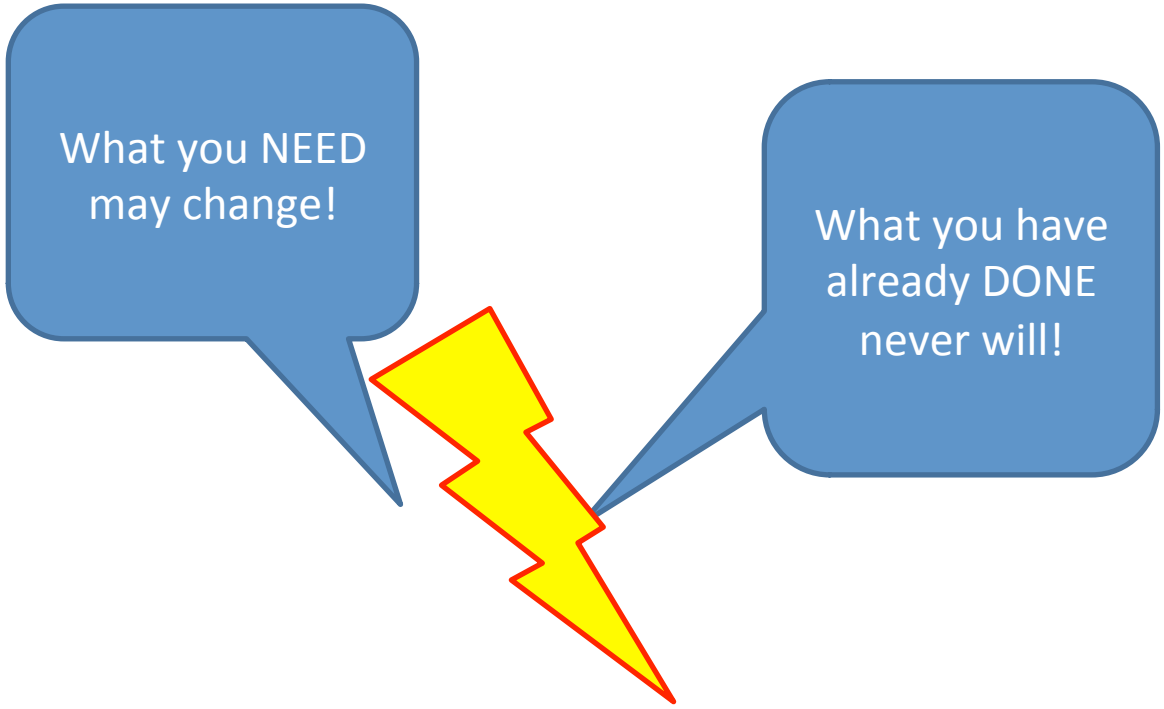


‘DEFER COMMITMENT’

‘OPERATE AT 80% CAPACITY’

‘BALANCE RISK’

The biggest risk

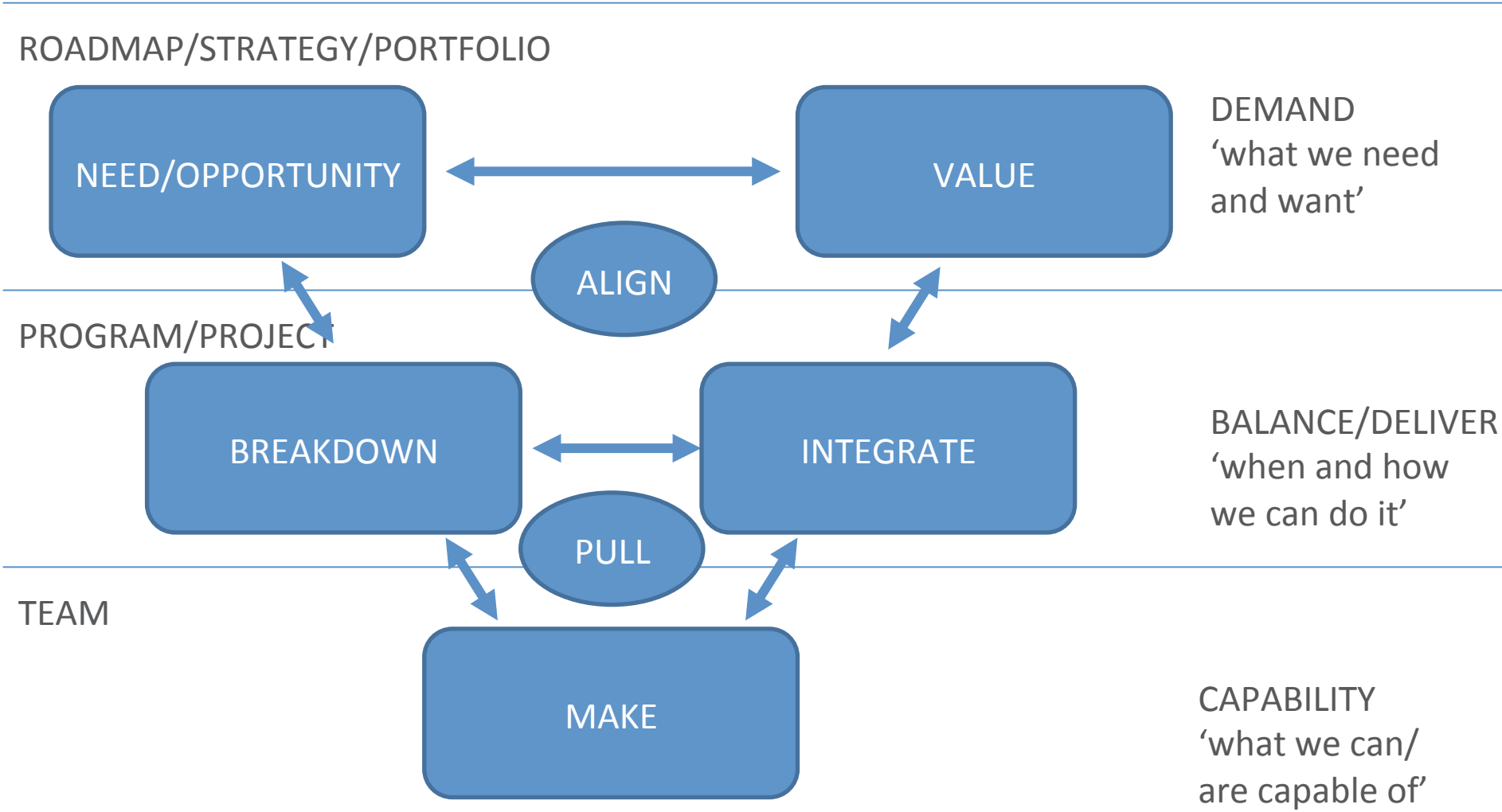


TO AVOID: DEFER COMMITMENT; OPERATE AT CAPACITY; SEEK VALIDATION
BEWARE: OPPORTUNITY COST; COST OF DELAY

Visualize: Risk exposure + Time-To-React [… when needs are changing]

GOVERNANCE/LOAD/FLOW

3 principal levels of operating



The strategic and tactical levels ENABLES managing flow operationally!!!!

The secrets? (

)

- Steering comes from Visibility and Comparability
- Execute below capacity (minimize allocated SMICs)
- Split complexity and risks – balance; don't bundle
- Plan to the end ←→ Plan to next stable point --- it IS a dilemma!
- Break down details ← → Retain the tactical overview/Systemic view --- it IS a dilemma!
- Enforce a pull – 'what do you want next' mode
- Make experiments to learn … fastest learner wins in the end

- ACT: Off-load late projects – be brutal
- Crystal clear project drivers – never split purposes

- BEWARE: Opportunity cost; cost of delay (→ optimize value)

- *'knowledge work obeys the laws of traffic'*
- *'manage at the speed you can afford to loose'*

Creating a winning organization

… are beliefs with a game changing impact on your success with high-tech product development!

#GameChangingBeliefs

Imagine if you could chose to believe in something … and then it would change your luck … forever!

www.42ndstreetcompany.com/game-changing-beliefs ”Change your luck … forever!”

More info: http://ae.42stc.com

Eleven+1 Game Changing Beliefs

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- ENGAGE with the world – SHARE what you know – STEAL with pride
- Keep ACCOUNTABILITY crystal clear

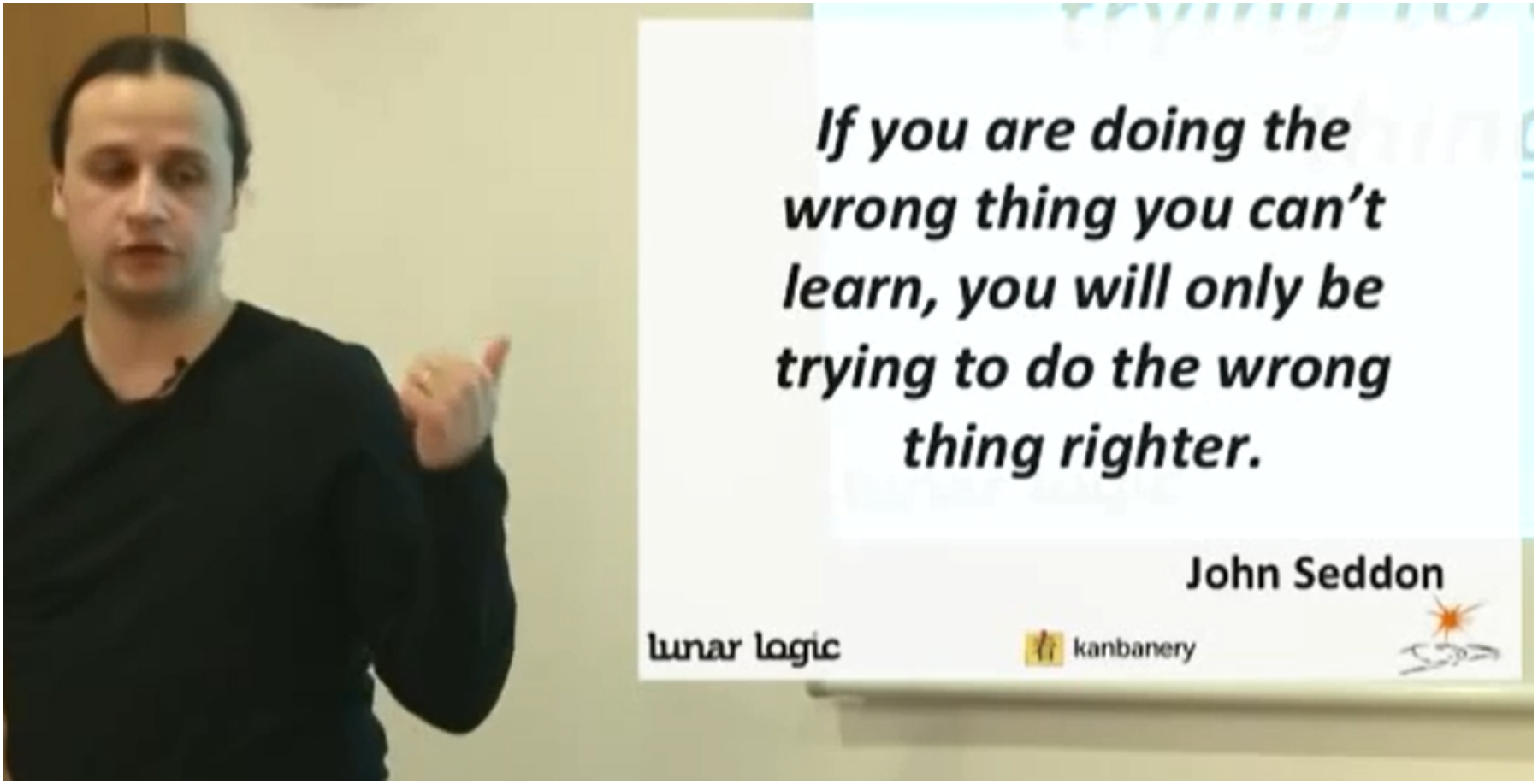
(Based on version 1.194)

It's not as hard as you think

https://www.pinterest.com/samanthacheok/prima-ballerina/

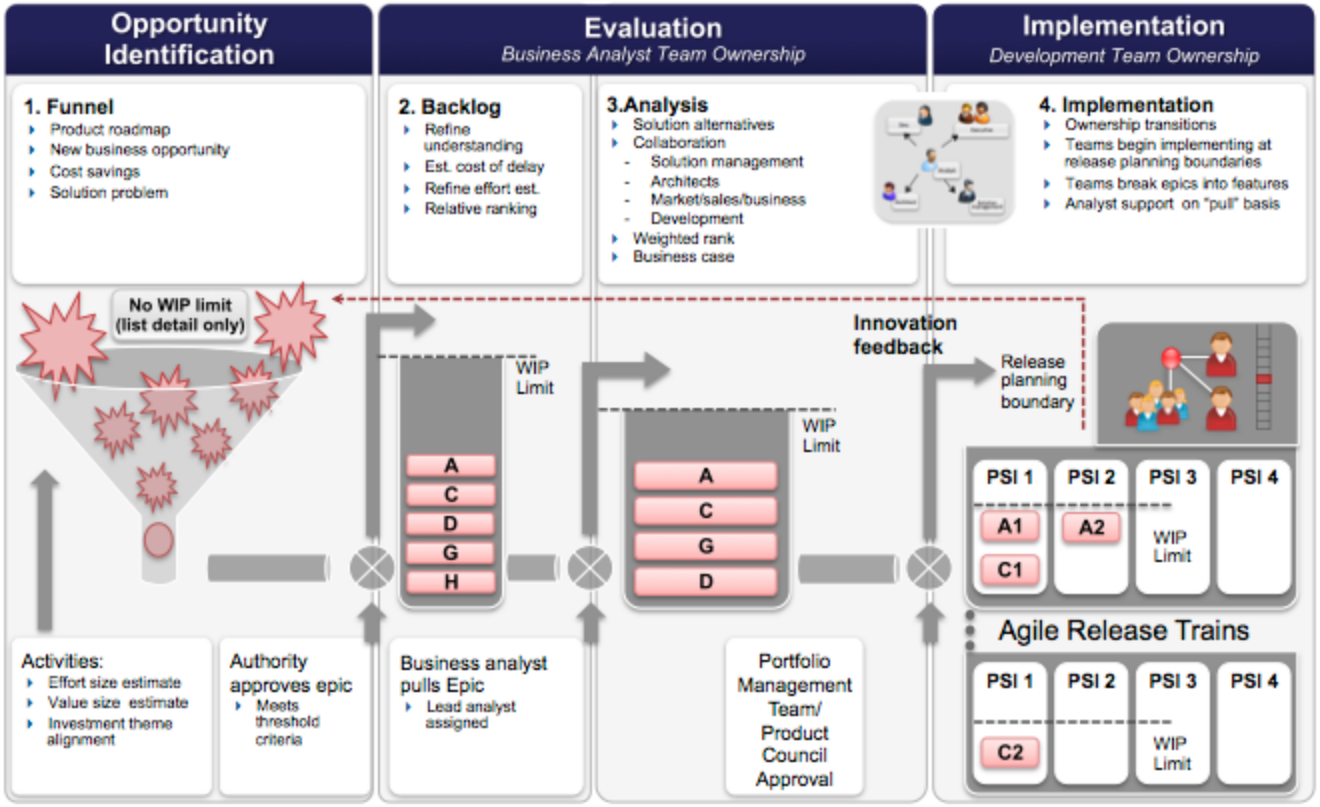
… once you learn it ☺

Pawel Bodzinski – Portfolio Kanban (can be done by a single person – only changes once a week)



https://www.youtube.com/watch?v=ykE3_M29_Fc

Portfolio Kanban (example)



http://www.agilenotanarchy.com/2013/02/scaled-agile-framework-applied-25.html

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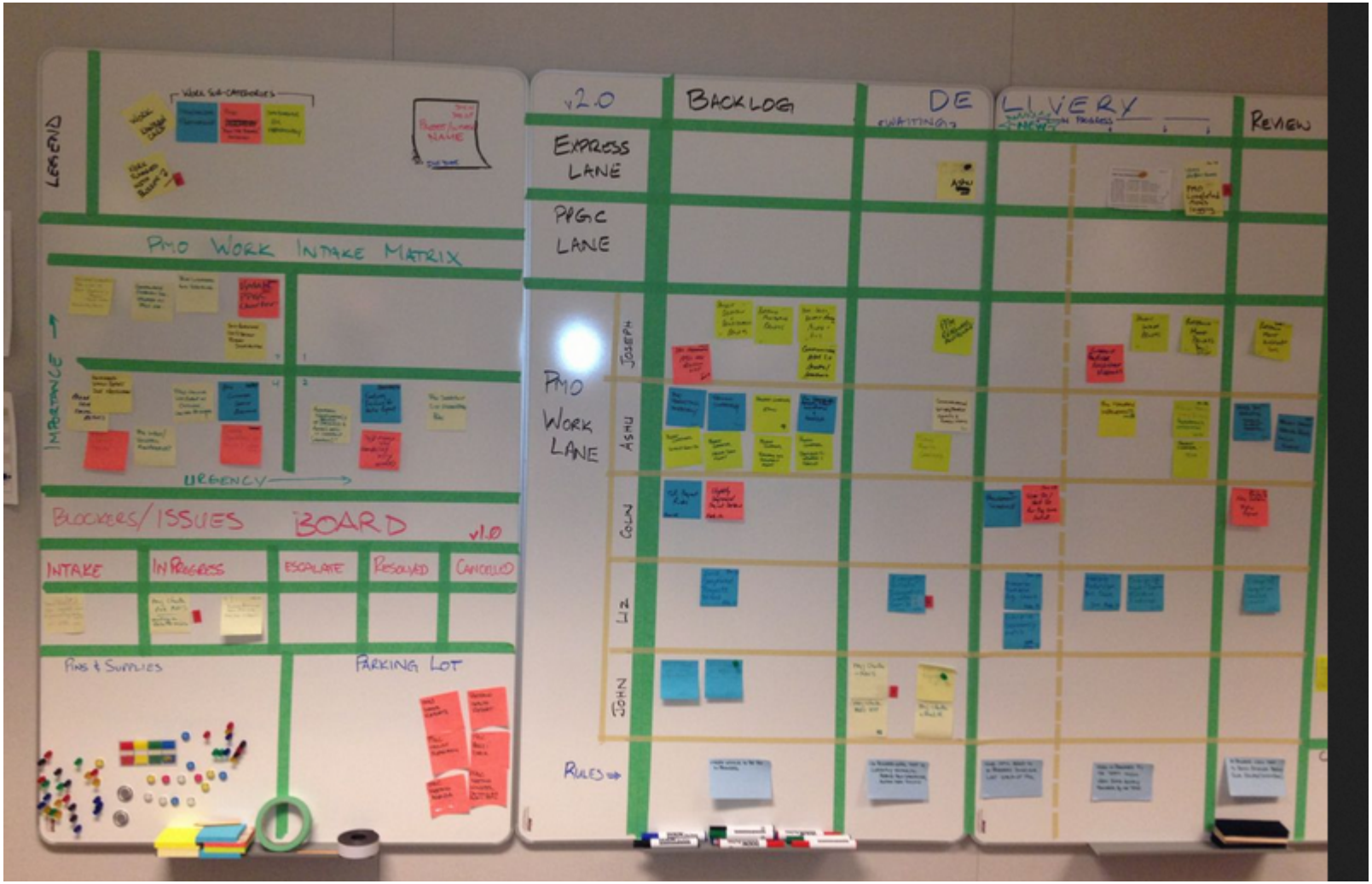
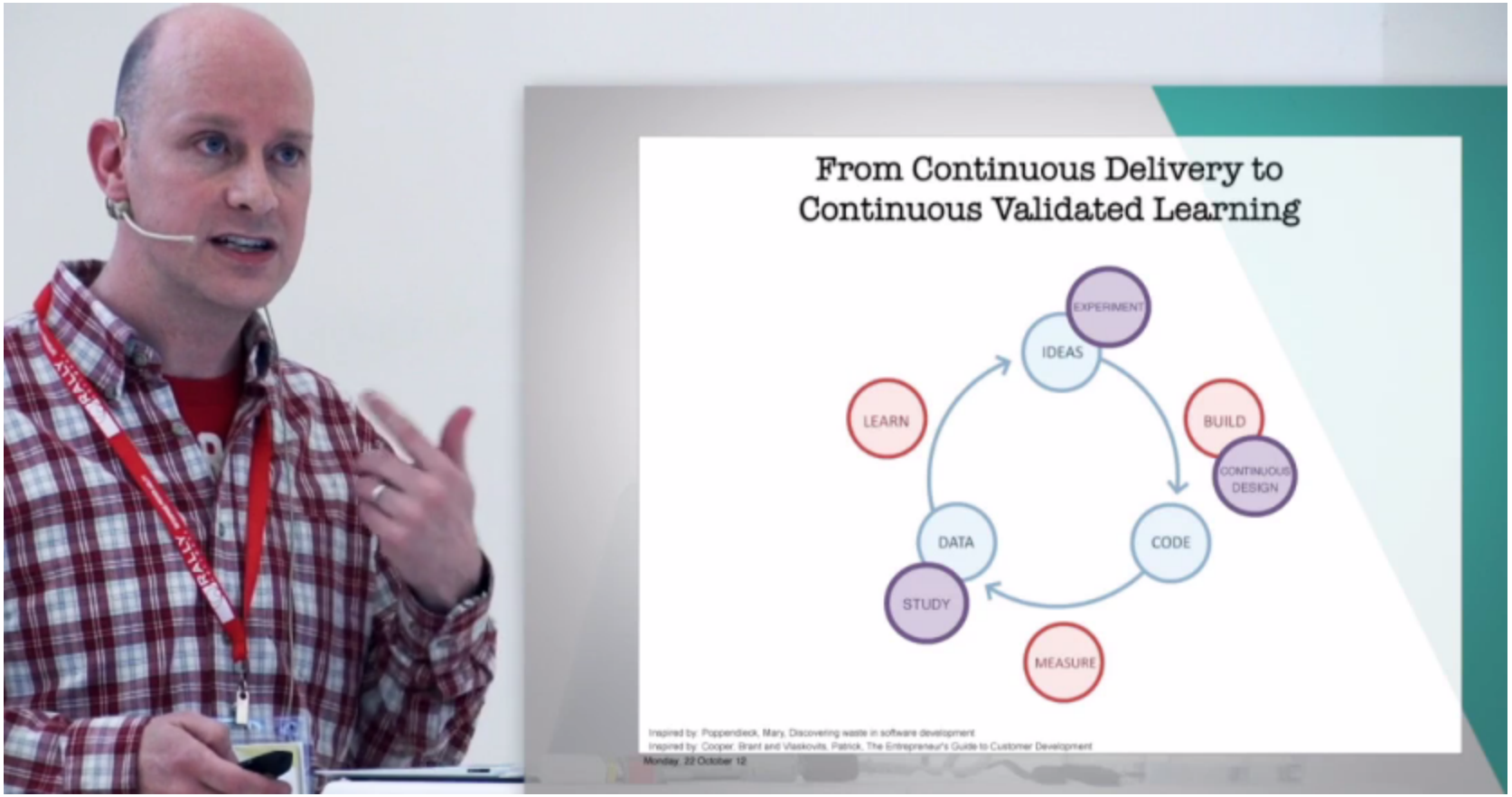


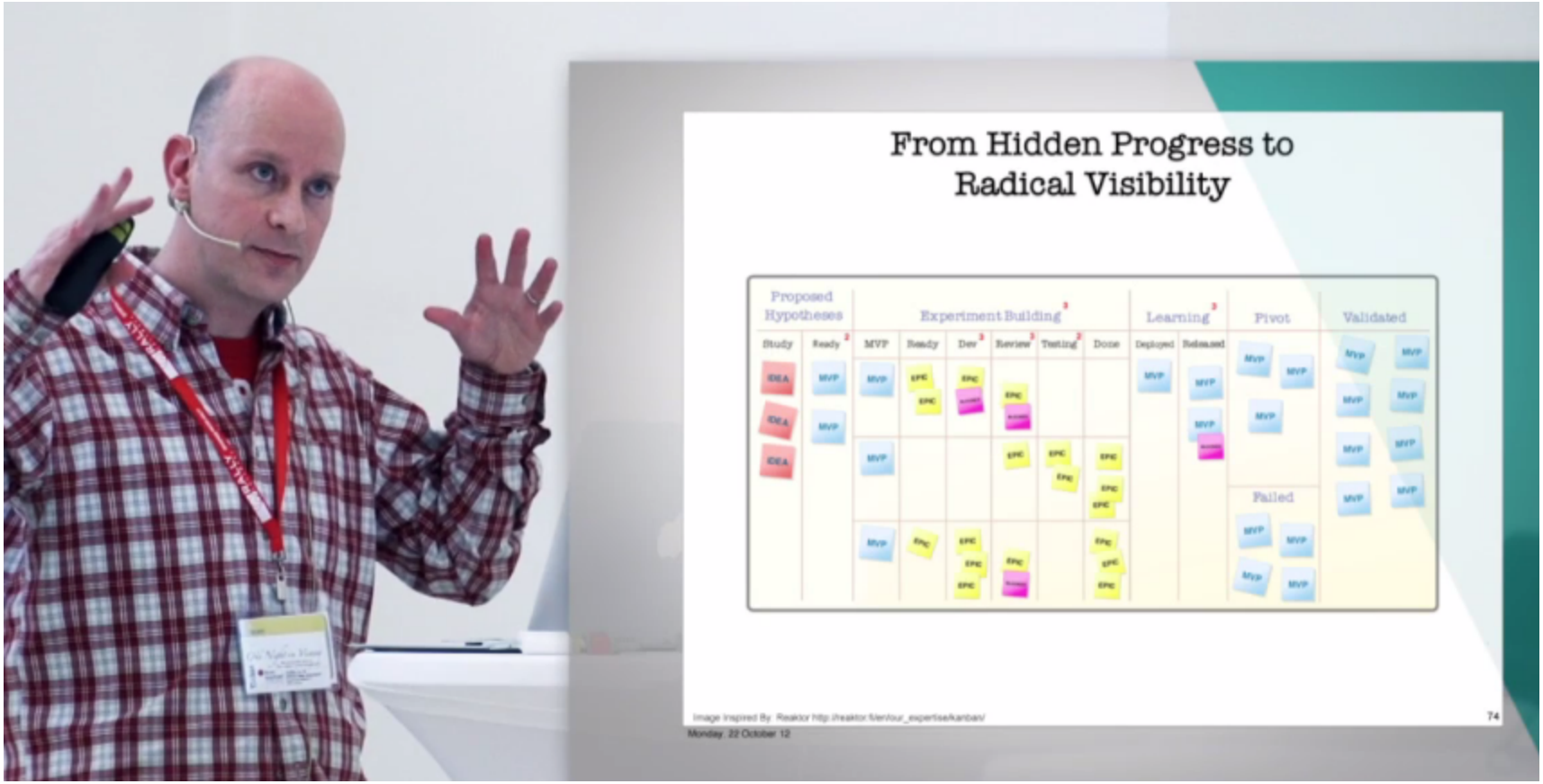
http://fromstoneagetoagile.com/2013/08/kanban-in-the-pmo/
#sthash.J8EhB5BV.WuwQZoiT.dpbs

David Joyce



http://vimeo.com/52546904

David Joyce



http://vimeo.com/52546904

Examples used

- California – red lamps on highways
- WAP S40 + S30 case (A➔B) … (A➔C➔B)
- Conversation: taxi price … gas price morning/evening; the need for a common language
- Key message: visibility; comparability; pull; fast loops/ learning
- Lean start-up: Build-measure-learn
- One project vs many projects
- ‘GRID IT UP’ … for the many projects … making comparable in category

Examples

- Xmas wishes – give long list and get disappointet; give just one wish at a time

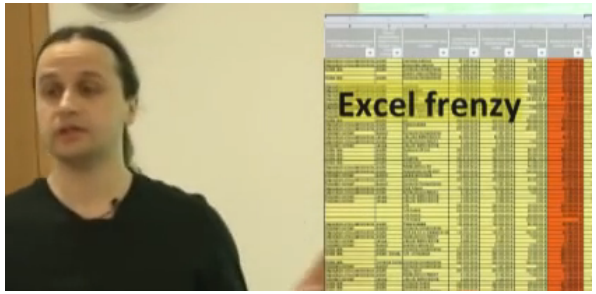
Two topics – and what sometimes go wrong

- *Software governance?*
  - *Trusting your existing governance model to work for SW*

SW doesn't always connect with the real world; the real world must connect with SW

- *Managing portfolio?*
  - *Bundling drivers - risks, purposes and complexities*
  - *Overload – too big and too many projects*
  - *Too low level of detail in planning and estimation*

Planning and estimation is like alcohol; the more you look into the bottle, the more you realize that the answer isn't there

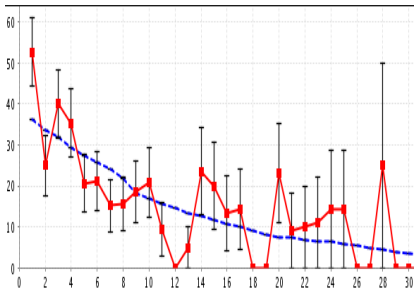


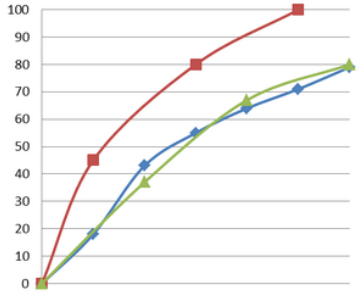
Pawel Brodzinski
Portfolio Kanban
LLKD13 (on YouTube)

Software governance

- *Secret: During 'the closing game' SW is relatively predictable. (all features implemented, clear trends in test/error curves)*

- *You can 'grant one milestone' when you have visibility to 'when you will finish ➔ 0 open errors; 100% run/pass rate*





(figures illustrative)

You get milestone X when you have visibility to X+1

- *'only trust complete software … of software close to being complete' ➔ sequence of many smaller, complete releases (milestones, technical deliveries, customer validation [MMF; MVP; PSI])*