PORTFOLIO DIRECTOR'S DINNER SERIES

The agile portfolio: Fact or fiction?

APM Portfolio Management Specific Interest Group
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CHARTERED BODY FOR THE
PROJECT PROFESSION

Portfolio directors' dinner
Insights from the practitioners

It was a cold January evening as 11 portfolio directors and practitioners gathered in the welcoming lights and warmth of Percy & Founders, for the APM Portfolio Management Specific Interest Group (SIG) inaugural portfolio directors' dinner. At this dinner the subject was 'The agile portfolio: Fact or fiction' and we focused on three areas:

1) **Explore** the experiences of the portfolio directors delivering their portfolio functions in organisations that have significant elements of agile delivery.

2) **Discuss** the key principles that sit behind agile delivery and portfolio management – are those principles complimentary or in conflict?

3) **Imagine** how portfolio management could work in a perfectly functioning agile organisation – what would it need and what could it do?

With the clear goal of understanding the opportunities and challenges of portfolio management in an agile world. We've captured many of those thoughts and musings over the next few pages – structured around the two distinct sessions of the evening.

Topic 1: Is portfolio management and agile mutually exclusive?

The principles of portfolio management (AiPMO definition)	The principles of agile delivery (agile manifesto)
1. Senior management engagement and sponsorship	1. Customer satisfaction through early and continuous software delivery.
2. Organisational governance alignment	2. Accommodate changing requirements throughout the development process.
3. Strategic alignment	3. Frequent delivery of working software.
4. Active leadership to drive value	4. Collaboration between the business stakeholders and developers throughout the project.
5. Aligned PMOs throughout portfolio components	5. Support, trust, and motivate the people involved.
6. Kill early and kill fast	6. Enable face-to-face interactions - teams are co-located.
7. Transparency	7. Working software is the primary measure of progress.
8. Embrace risk	8. Agile processes to support a consistent development pace.
9. Energised change culture	9. Attention to technical detail and design enhances agility.
10. Execution mindset	10. Simplicity – develop just enough to get the job done for right now.
11. Continuous optimisation of resources	11. Self-organising teams encourage great architectures, requirements, and designs.
	12. Regular reflections on how to become more effective.

The evening began with a discussion of principles, and whether agile principles (as taken from the agile manifesto) and portfolio management principles (as defined by the AiPMO) were complimentary, in conflict or mutually exclusive.

The overarching feeling was that the principles were either actively complimentary or mutually exclusive due to operating at different levels.

Complementary portfolio principles:

Active leadership, senior management sponsorship and an energised change culture particularly chimed with the agile principles to 'support, trust and motivate people involved' and to drive collaboration between the business and developers.

Kill early and kill fast and the execution mindset align nearly perfectly with the agile principles to accommodate change and frequent delivery of working software, or of value.

Transparency within the portfolio space can be equated to the principle of 'trusting' people and, more critically, to the ability to 'regularly reflect on how to become more effective'.

There were two areas of debate as to the meaning of the portfolio principles:

1) Continuous optimisation of resource drove a lot of discussion as there was some argument that it countermanded the ability for the agile team to 'self-organise'. A better definition of continuous optimisation of resource might be 'optimal sequencing' of resource where, at the portfolio level, support was given to ensure the right skills were available across all deliveries with the agile team then deciding how that resource was self-organised. Right people in the right place was always a key priority and the portfolio function needs to decide if it has a directive role in this space, i.e. one project manager will be assigned, or an enabling role in this space, i.e. we will ensure there are 10 business analysts of an appropriate skill-level available for use across the portfolio.

2) Strategic alignment also drove discussion with a lively debate focused around the concept of 'value' and whether it could be identified at portfolio-level or whether it could only ever be identified at the agile delivery team level. The general consensus was that, whether in an agile or

a waterfall delivery environment the portfolio has to have a key role defining what value means in terms of the organisational strategy but that the decision over what change delivers that value should be owned by the business and therefore within the agile teams in a predominantly agile delivery environment. Whether agile or waterfall, the decision-making body should be at the 'lowest' practical point based on where the knowledge sits and within the allowance of governance.

In conclusion, the group was almost unanimous in its view that nothing in either set of principles prevented portfolio management operating alongside agile and, indeed, some aspects of agile actively supporting portfolio management. Good portfolio management is inherently agile. We were lucky enough to be joined by a rich-picture artist for the evening who captured the key points of our discussion and really helped us reflect on the main thoughts.
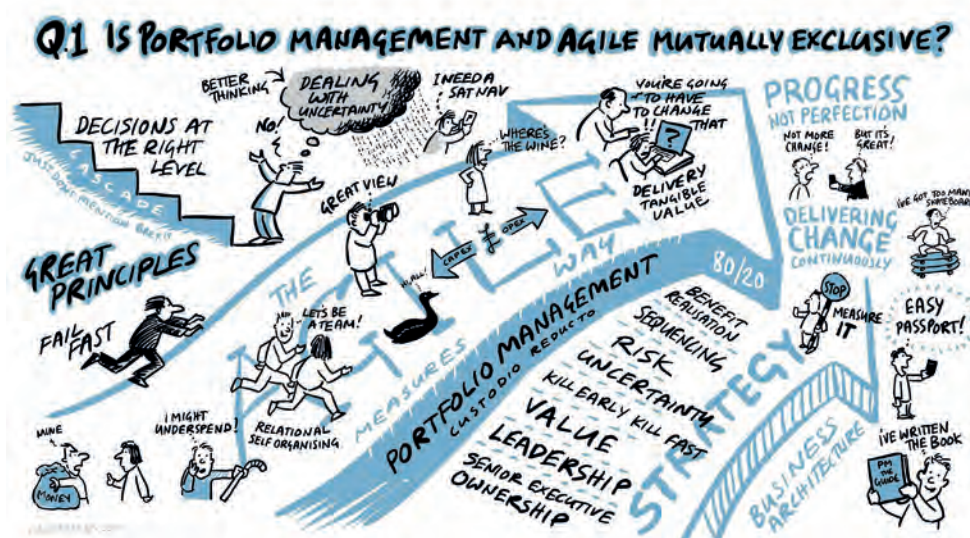

Illustrator: David Gifford, inscritpdesign.com

Out of the lively debate that followed the review of the Rich Picture the three concepts that most of the directors felt were critical were:

1) **use portfolio influence** to clearly define what value means and allow clear decision making at the right level;

2) **establish** as rapid a governance cycle as is possible to support regular course-corrections and 'fast-fail', and don't be afraid of those course corrections; and

3) **focus** on progress not perfection! Continuously improve the portfolio process in an agile fashion.

"Portfolio management is intuitively agile, it puts value at the centre"

Topic 2: Agile portfolio management – How could it work?
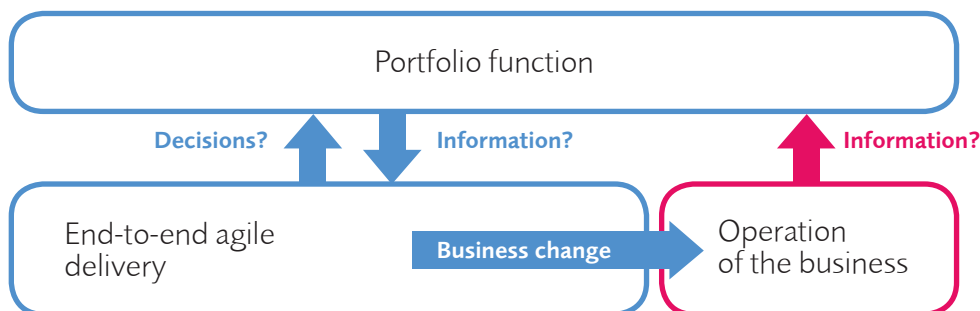
The second topic of discussion was in a perfectly functioning agile delivery organisation what is the role of the portfolio function and what does it need to do to deliver that role? We used the above diagram to help structure our thinking.

This discussion focused heavily on three areas – what the reporting cycle should look like, where authority sits, and ultimately the function of the portfolio office. Most views coalesced around two distinct positions:

1) **delivery agnostic viewpoint** – it does not matter if the delivery methodology is agile or waterfall, portfolio prioritisation and functions occur at a level above that (i.e. allocating large chunks of money to particular value outcomes) and so the delivery methodology is immaterial; or

2) **delivery sensitive viewpoint** – the delivery methodology does have an impact with the need for a very agile reporting cycle and authority matrix in place to take account of the prioritisation calls that occur at all level of delivery to make agile effective.

In exploring this second viewpoint there was much discussion about the flow of information 'up the chain' and the flow of decisions 'down the chain' and how this felt like an incorrect model. A more realistic model would see the portfolio function as 'owner' of the definition of value and the decision-making hierarchy around what value means to the business (i.e. who has the authority to make prioritisation calls). This, then, drove the need for:

■ **real clarity** throughout the organisation around that decision making hierarchy and a rapid, light-touch reporting cycle that enabled that decision-making; and

■ **an efficient information** system/tool to capture the information and prioritisation decisions at different levels of the organisation and ensure a truthful and current view of the current priorities and 'plan'. This is held at the centre to manage both stakeholder engagement and the requirements of the portfolio office.
This in turn drove a discussion about what those functions should be, beyond the value points raised above, and we agreed that the portfolio office has a critical role to play:

1) Owning the 'view' of change across the organisation to ensure C-suite and key stakeholders understand the 'change story' (often called the roadmap).

2) Owning the decision making hierarchy and reporting cycle that supports that maintenance and adaptation of the 'change view'.

3) Increasing the change capability of the organisation through standards, tools, techniques, critical friend support, training and knowledge management.

4) Getting visibility of and tackling systemic risks from across the portfolio.

5) Managing the overall change capability and capacity of the organisation based on the expected portfolio need.

6) Managing dependencies across the change portfolio and between the change portfolio and the business.

7) Managing the impact of the change portfolio as a whole onto the business to ensure the combined releases of individual product streams does not swamp it.

Critically these functions are just as appropriate if not more so when delivering in an effective agile environment. However, a key point that came up time and again was the need to ensure the portfolio function 'got out of the way' of the delivery machine. This is probably best summarised in the following quote: "We need to be very conscious of the level of planning you monitor: whether agile or waterfall is slightly irrelevant – what you need to know is the end-states: the critical points in the delivery to get to where you need to go, when you expect to get there and the spend to get there. And then agile can cope with the ranges within that view! If you are getting down to project or product level you are not giving your *projects the freedom to deliver*."

Again, we had a wonderful Rich Picture constructed of our discussions which really helped focus our thoughts around the key points we'd drawn out from the conversation.

"We need to speed up the cycle at the portfolio-level – reporting cycle needs to support decision making and the pace of decision making but it's important to allow flexibility to let the agile teams deliver in their own way – as long as they meet our light touch reporting and delivery standards."

"For me the trick is the rolling 18 months view – to break the annual financial reporting cycle. But is being honest about the level of certainty within the view and how that drops as the horizon extends."

"At the portfolio level sometimes, you have to unblock – but just because you have to intervene occasionally doesn't stop the role being 'up there'."

"Risk and issue management is critical in both worlds – there are different ways of capturing those risks but they're still critical."

"We are all about patterns and spotting patterns in the data"

"The really important thing is everyone knowing their responsibility and it's up to the portfolio office to ensure that – but we are definitely not there to do the project or programmes job for them!"

Illustrator: David Gifford, inscritpdesign.com

In conclusion

The word 'value' had a prominent role in our discussions and critically emphasises how central that concept is to both portfolio management and agile. However also interesting was how much emphasis was put on the role of the portfolio office in owning the roadmap and being honest about the confidence levels to put around the roadmap with a general consensus of an 18-month view being held but with an acceptance that confidence in that view reduces after 3–6 months.

So perhaps the most valuable take-aways from the evening are this:

1) the agile portfolio is a perfectly compatible concept;

2) value-management linked to a strong roadmap are the threads that tie the portfolio level to the delivery level and must be the centre of any credible approach; but

3) the first rule must be for the portfolio office to control what it needs to control to provide confidence and assurance, but nothing more.

"Good portfolio management can accommodate both agile and waterfall really well if we are operating at critical path level and monitoring at the right level."

We hope you've found these insights on the agile portfolio of interest. A more detailed set of findings was discussed at the Portfolio Management SIG conference in May 2019, and this can be accessed on our website.

As the APM Portfolio Management SIG we work hard to both share and promote good practice in the portfolio space and we could not do it without the immense help and support of a wide range of extremely experienced portfolio professionals who give freely of their time to help us with conferences, webinars and events like this. We'd particularly like to thanks the below who gave up their evening to make the inaugural portfolio director's dinner such a successful event:

- Petula Alison — Yorkshire Building Society
- Andrew Goodman — Metropolitan Police
- Ricky Harvey — Independent
- Steve Leary — Tata Consulting Services
- Mark Lewis — John Lewis
- Fiona Macauley — Mars Global Services
- Richard Moor — Royal Mail Group
- Paul Morgan — Mars Global Services
- Joanna Rowling — HM Revenue & Customs
- Adam Skinner — P2 Consulting
- Nicky Walsh — NFU Mutual
- David Gifford (rich picture artist) — Inscript Design

And, of course, APM which supports and funds our activity as a Specific Interest Group.

We run these dinners twice a year and are looking forward to our next one in the autumn. If you are a portfolio director or executive and would like to be involved please contact us.

Similarly, if you are interested in speaking at our conferences or in a webinar or just want to be more involved with our SIG please get in touch with us at portfoliosig@apm.org.uk

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Please contact us with your views and suggestions:
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