Enterprise Innovation

Integrating Product Portfolio Management Thinking and Innovation Governance into Lean Portfolio Management
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Agenda and Learning Objectives

1. **Value Stream Ownership**
   - The important of Value Stream ownership for innovation and product portfolio management
   - Options for governing Value Streams

2. **Product Portfolio Management**
   - Integration of Product thinking into Lean Portfolio Management to identify product strategies and generate candidate epics
   - Alignment of product strategies to Horizon Budget Guardrails

3. **Innovation Governance**
   - How to manage ART capacity across delivery and innovation
   - How to govern ART innovation work
Based on experience of building a value stream centred organisation within a UK Government organisation

Organisation was responsible for delivery analytics products and services to internal customers against constantly evolving customer processes and objectives

Organization requirements included:
• Combined run/transform cost center
• The ability to scale delivery
• Maximization of value delivery and employee happiness
• Constant product innovation

WARNING - some of this material has been embedded and working for a while – some is new and currently being tested
Value Stream Ownership
Product Management thinking is required when development value streams deliver capabilities…

Operational Value Stream

Supporting Systems & Capabilities

Development Value Stream

Capability

- Define
- Build
- Test
- Release

- Constantly changing requirements
- Met by a suite of constantly evolving products and services
- Delivered by a value stream that takes responsibility for product management and innovation to constantly optimize the delivered capability
And this requires ownership of the Development Value Stream…

Value Stream Owner

Portfolio Canvas

Vision

Strategic Themes

Lean Portfolio Management

Roadmap

Metrics

Budget

Services

Run

Build

Customer

Supplier

Products & Services

Service Delivery

AGILE RELEASE TRAIN (ART)
These organisations then require governance…

- Hypothesis based
- Maintain/increasing profit
- Deliver enterprise strategy

- Value delivered against cost

- Innovation accounting

Fractal Model

Supports intermediate (e.g. Portfolio or Line of Business) layers
Product Portfolio Management
Making an investment case requires tools to understand your product/services portfolio...

Implement Strategies

Explore (Innovation / Candidate Epic) Portfolio

Identify Strategies

Identify Strategies

Exploit (Product & Services) Portfolio

Grow
Sustain
Retire
Which then supports your Horizon Budget Guardrails…

Horizon 3  Horizon 2  Horizon 1  Horizon 0

Evaluating  Emerging  Investing  Extracting  Retiring

Idea  New Products / Services  Grow  Sustain  Retire

15%  Epic  20%  Epic  60%  Epic  5%

Decommission
Innovation Governance
The lifecycle of an Epic is a tail of two halves…

Innovation - the process of turning ideas into Epics ready for delivery, through the systematic addressing of assumptions and risks.
Governance and execution of delivery is well established…
Delivery and governance of Search requires new tools…
The ART needs to be comfortable with different modes of working…

Funnel
Reviewing
Analyzing
Implementing
Done

Problem Space
Solution Space
Delivery Space

Design Thinking
SCRUM
Lean Startup
Kanban

System Demos
ART Sync

Dev Team
Product Owner
Scrum Master
Agile Teams

PI Planning
Your LPM function will need to act as a Growth Board…

Lean Portfolio Management

- Epic Owners
- Business Owners
- APMO
- Enterprise Architect
- Strategy & Investment Funding
- Lean Governance
- Agile Portfolio Operations

Maintain innovation portfolio and backlog
Secure capacity for innovation
Bring teams and problems together
Work with teams to review progress, prioritise next steps and agree investment of capacity
Maintain view of maturity of each innovation item
Own Innovation Accounting of items in delivery
Capacity for innovation is established through PI Planning…
This capacity is then invested into innovation problems…

- Bring teams and problems together
- Make spread bets on problems
- Use metered funding
- Make evidence-based decisions
- Continually re-prioritise work
And innovation progresses and priorities measured...

### Innovation Lifecycle

**Stage** | **Idea** | **Explore** | **Validate**
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Focus | Identifying customer need and size of opportunity (Market Desirability) | Identifying the right solution and testing/proving it (Technical Feasibility)

**Timescales** | Days | Weeks | Months

**Costs** | £0 | < £50k | < £250k

**Mechanisms** | Paper | MVP

### Innovation Project Scorecard

**Strategic Fit**
- **VISION/CULTURE/IMAGE**
  - Our value proposition and business model are aligned to our company’s vision, culture and image.
  - No alignment
  - Little alignment
  - Potential for alignment
  - Good alignment
  - Strong alignment

- **INNOVATION GUIDANCE**
  - Our value proposition and business model are aligned to our company’s innovation guidance.
  - No alignment
  - Little alignment
  - Potential for alignment
  - Good alignment
  - Strong alignment

- **LEADERSHIP SUPPORT**
  - Our value proposition and business model has support from a key sponsor.
  - No alignment
  - Little alignment
  - Potential for alignment
  - Good alignment
  - Strong alignment

**Risk Reduction**
- **Desirability**
  - Our critical customer segments have the jobs, pains, and gains relevant for selling our value proposition.
  - Unclear
  - Somewhat clear
  - Some evidence
  - Good evidence
  - Strong evidence

- **VALUE PROPOSITION**
  - Our value proposition resonates with our critical customer segments.
  - Unclear
  - Somewhat clear
  - Some evidence
  - Good evidence
  - Strong evidence

- **CHANNELS**
  - We have found the best channels to reach and retain our critical customer segments.
  - Unclear
  - Somewhat clear
  - Some evidence
  - Good evidence
  - Strong evidence

- **CUSTOMER RELATIONSHIP**
  - We have developed the right relationships to retain customers and repeatedly use from them.
  - Unclear
  - Somewhat clear
  - Some evidence
  - Good evidence
  - Strong evidence

**Feasibility**
- **KEY RESOURCES**
  - We have the right technologies and resources to create our value proposition.
  - Unclear
  - Somewhat clear
  - Some evidence
  - Good evidence
  - Strong evidence

- **KEY ACTIVITIES**
  - We have the right capabilities to handle the most critical activities for creating our value proposition.
  - Unclear
  - Somewhat clear
  - Some evidence
  - Good evidence
  - Strong evidence

- **KEY PARTNERS**
  - We have found the right key partners who are willing to work with us to create and deliver our value proposition.
  - Unclear
  - Somewhat clear
  - Some evidence
  - Good evidence
  - Strong evidence
Responsibilities then continue into delivery…

- Prioritise Epics for delivery
- Track Epic leading indicators
- Govern changes to scope and direction
- Measure lagging indicators and value delivered
Summary

1. Your LPM function should own the strategy for your product and services
   - This will drive your innovation demand

2. Your ARTs should be responsible for both innovation and delivery
   - Requires significant training and upskilling across Program and Team levels

3. Your LPM function will need to take on innovation governance
   - Acting as a Lean Startup Growth Board
Thank you!

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