



Agile project portfolio management

Agile project & portfolio summit
Harrisburg University

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Agile project portfolio management

Agenda

Portfolio management challenges

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Traditional portfolio management framework

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Bringing agile approach to the portfolio management

- Iterative Portfolio Backlog Review/Epic Elaboration
- Utilizing Portfolio Kanban
- Selection of Optimum Execution Methodology

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The role of portfolio manager in agile ppm

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Effective metrics for agile portfolio management

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Portfolio & portfolio management



What is portfolio

A portfolio is a collection of programs, projects, or operations managed as a group to achieve strategic objectives.



What is portfolio management

Portfolio Management is the coordinated management of one or more portfolios to achieve organizational strategies and objectives. It includes interrelated organizational processes by which an organization *evaluates, selects, prioritizes, and allocates its limited internal resources* to best accomplish organizational strategies consistent with its vision, mission, and values. Portfolio Management produces valuable information to support or alter organizational strategies and investment decisions.

Definitions per PMI Standard for Portfolio Management (3rd Edition) 2013

Challenges related to Enterprise Project Portfolio Management



**What are the major
Portfolio Management
challenges you see in
your organization?**

Key challenges – Enterprise Project Portfolio Management



EPPM focused at Tactical level



Unclear Strategic Alignment/Politically Charged Environment



Capacity Planning & Resource Over-allocation



Long Cycle Time from Idea Generation to Project Initiation



Project Methodology Criteria (Waterfall/Agile/Hybrid)



Ineffective EPPM Tool



Silo Mentality – Business, IT, EA, EPPM

Enterprise Project Portfolio Management : “Doing the Right Thing”

The Enterprise Project Portfolio Management (EPPM) ensures alignment with the enterprise business strategy while managing a multitude of projects in flight and in pipelines. EPPM done right helps ask and answer the following questions.



KPMG portfolio management framework

Alignment involves using an objective, balanced, and accepted process to evaluate and filter component ideas to produce a prioritized list for the next business planning cycle that aligns with business strategy

Benefits Management involves providing a structure and framework for the forecasting and realization of portfolio benefits

Capacity Management considers demand and supply, identifying constraints on the organization that could impede the delivery of the portfolio

Financial Management considers funding, investment opportunities, and financial returns from the overall portfolio

Risk Management manages the level of risk involved in delivering the portfolio



Governance helps ensure that appropriate structures and processes are in place for effective decision making, work allocation, and performance reporting

Organization & Leadership considers executive direction setting for the portfolio and structuring the organization for integration across portfolio, program, and project levels

Performance Management involves tracking the delivery of the portfolio against a pre-defined set of parameters including time, cost, quality, risk, and benefits

Stakeholder Engagement involves engaging individuals or groups of people within and outside the organization to help ensure ongoing support for the portfolio

KPMG portfolio management framework – Subcomponents

Alignment	Benefits management	Capacity management	Financial management	Governance	Organization & leadership	Performance management	Risk management	Stakeholder management
Change Initiatives Identification	Benefit Definition	Identification	Funding Management	Governance Framework	Organization structure	Portfolio Performance	Risk Appetite	Stakeholder Identification
Change Initiatives Categorization	Benefit History	Measurement	Financial Analysis	Board/Committee Structure	Organization approval	Tactical Performance	Reporting data to the portfolio level	Stakeholder Engagement
Change Initiatives Evaluation	Benefit Tracking & Reporting	Forecasting	Financial Optimization	Delegation and work flow model	Resource Management		Risk Exposure	Communications
Change Initiatives Selection	Benefits Dependency Management	Variance Analysis	Financial Management.	Compliance Procedures	Roles and Responsibilities		Change Initiatives Pipeline	
Change Initiatives Prioritization		Reporting data to the portfolio level	Scanning and Futurizing	Configuration Management	Empowerment		Scanning and Futurizing	
Portfolio Balancing		Change Initiatives Pipeline		Quality Control/ Assurance	Training and development			
Termination Criteria				Exception Processes	Culture			
				Use of internal and external audit				

Agile portfolio management promise

Transforming from a “traditional” administrative focused Portfolio Management to a value delivery focused Agile Portfolio Management is vital to the success of the IT organization.

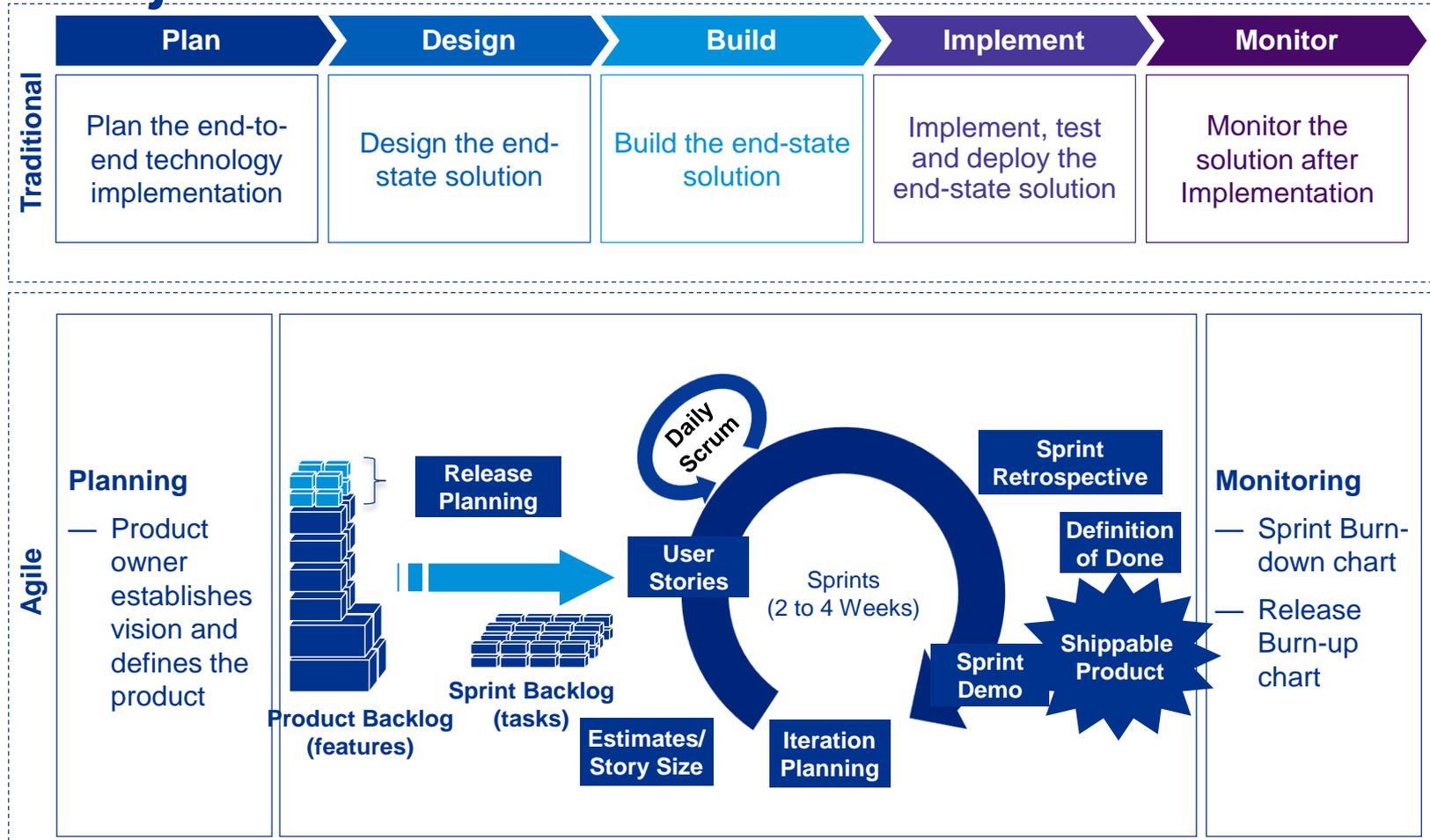
Traditional Model

- Siloed and disconnected individual processes
- Administrative & staid
- Reactive & out of the loop
- Cost & milestone focused
- Long term planning (not suited for dynamic business environment)
- Resource utilization focus
- Significant time delay between idea generation and execution

Agile Model

- Trusted Business and IT Partner
- Strategic & agile
- Proactive & engaged
- Stakeholder value & results focused
- Outcome/Benefit focused
- WIP reduction focus rather than resource utilization
- Link expertise across enterprise to make more informed PPM decisions

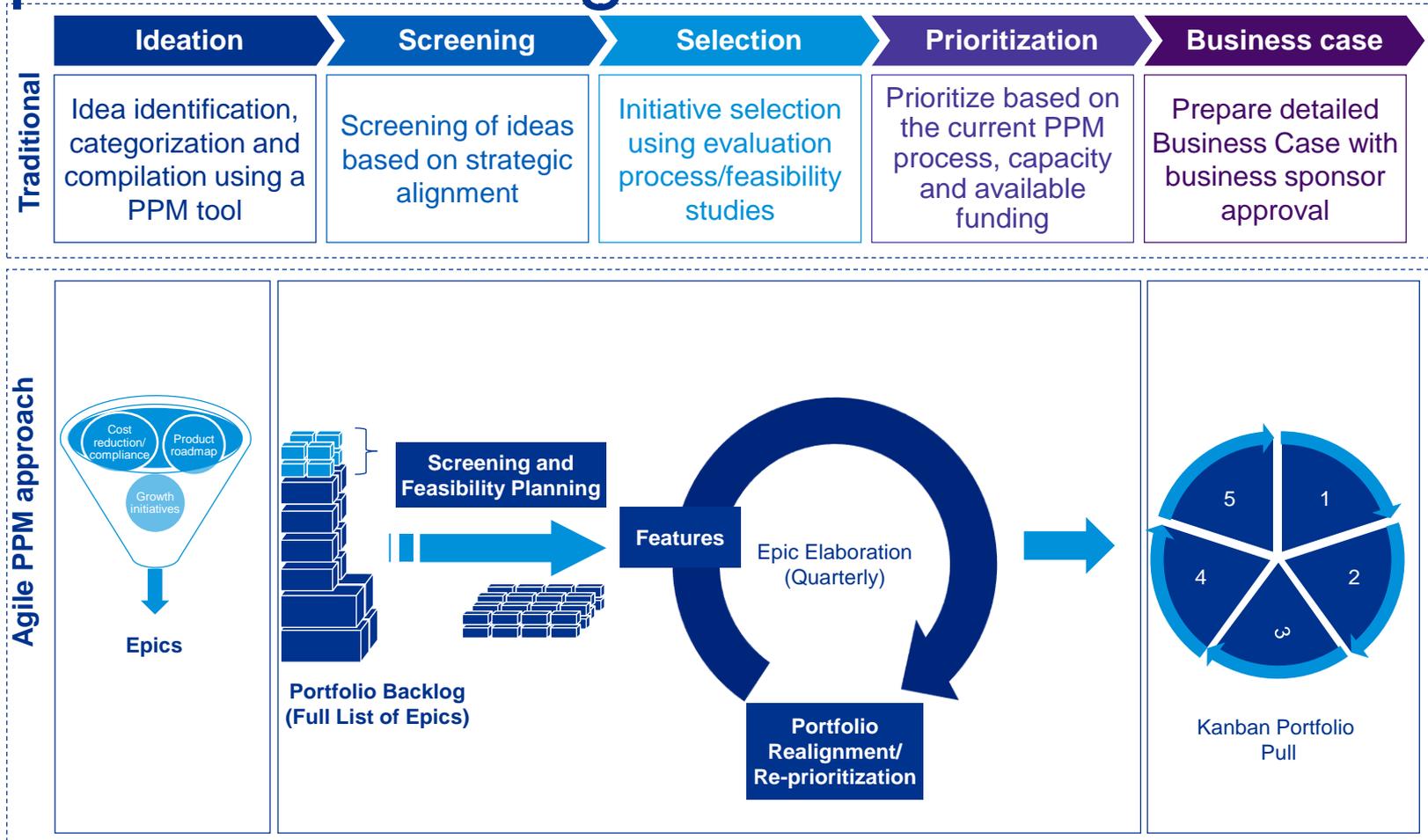
Agile vs. traditional method – Project execution



Benefits of Agile approach



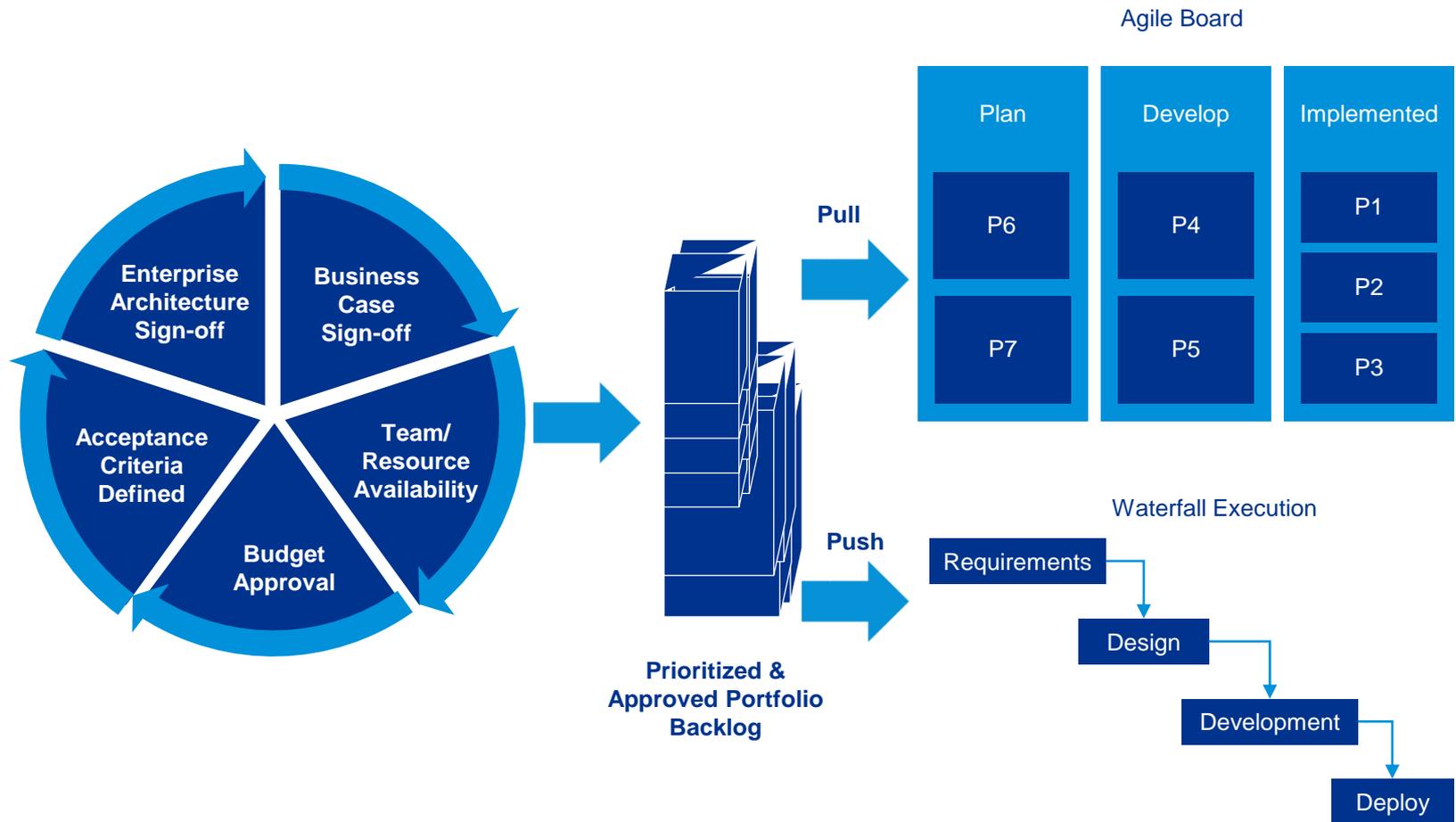
Bringing Agile approach to the portfolio management



Portfolio Kanban board

Idea/Initiatives	Screening	Selection/ Feasibility	Prioritization	Business Case Prep
I1: Sales by sub-region report (strategic importance)				X
I2: Additional product launch for revenue growth & competitive advantage			X	
I3: Streamline business processes via ERP implementation (10% operating cost reduction)			X	
I4: Regulatory compliance project		X (selected)		
I5: Improve performance review process (HR), resulting 3% cost reduction		X (not selected)		
I6: New product launch requiring new COTS SW and technology	X			

Portfolio Kanban pull by agile teams



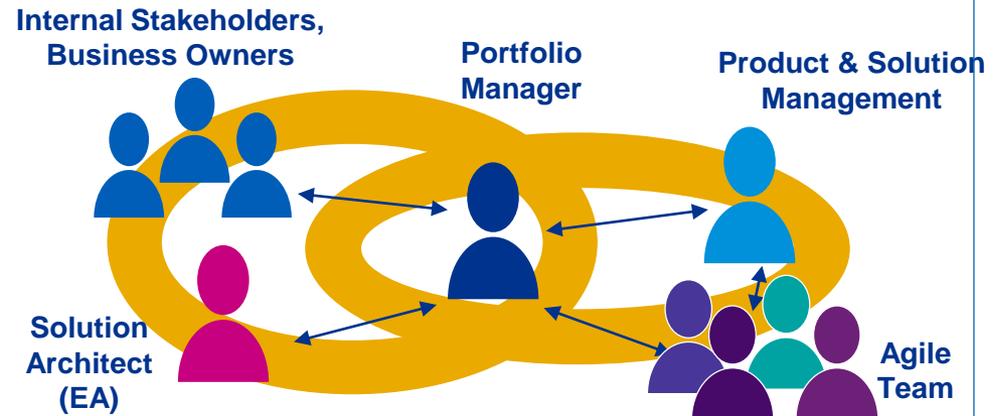
Agile portfolio manager

Traditional portfolio manager

- Overarching PPM manager and believes he/she is responsible for the portfolio success
- Understands the strategic intent of the portfolio and ensures that the projects are align to the business strategic objectives
- Guides the selection, prioritization, balancing and termination of portfolio components to ensure the alignment with strategic goals
- Negotiates initiatives and operations start and finish date including resources needs with business and IT team
- Believes in command and top down communication of long term plans and pushing projects based on demand and not based on capacity
- Performs benefit tracking and reports back to the stakeholders

Agile portfolio manager

- Championing the agile methodology
- Creates and maintains the Portfolio Backlog Epics
- Facilitates Epic Elaboration process between Business Owners, Product Owners, Solution Architects and IT Stakeholders
- Coaches the team (servant leadership) and encourages self organization
- Does not push the projects, awaits for the team to pull
- Focusses on reducing WIP, not utilization of the resources
- Facilitates decision on appropriate execution methodology



Agile project portfolio management – Execution attributes

Scenario/attributes	Agile	Waterfall	Hybrid
Changing Requirements	X		
Unproven technology	X		
When the product is intended for an industry with rapidly changing standards or market conditions	X		
When you have skilled developers who are adaptable and able to think independently.	X		
Rapid prototyping of the product is more important than the quality of the product	X		
More than 3 interfacing systems are involved		X	
When definition, not speed, is key to success.		X	
Multi-component Program where Infrastructure or some workstreams are well defined while SW or User Interface are not defined in detail			X
Significant regulatory compliance and laws need to be followed		X	X
Significant infrastructure build required		X	X
Complex requirements and design needs to be completed upfront		X	X
Sponsors are not bought into Agile approach, Product Owner has limited time to work with the development team		X	
Release management process not mature		X	
Full time resource allocation not possible		X	
Team is experienced in agile	X		

Key performance indicators – Examples

Strategic

- Improvement in time duration from Project Conceptualization to Project Delivery
- Improvement in estimated time of delivery vs actual time of delivery
- Percent of successful strategic projects delivered/the total number of projects



Portfolio management

- Percent of projects in portfolio delivered/the total number of projects in the portfolio



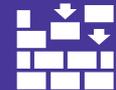
Cost management

- Improvement of estimated costs vs. actual costs of the project



Resource management

- Increased utilization of resources on portfolio
- Increased accuracy of forecast for resources on projects
- Variance reports, explaining planned vs. actual resource utilization



Governance

- Methodology compliance
- Gateway compliance
- Risk compliance



Stakeholder management

- Percent of user satisfaction (comparable to previous years – measured using surveys)



Return on investment

- Portfolio ROI improvement after introducing Agile PPM process
- Planned vs. actual ROI
- Post Project Benefits review



PPM resources

- Improved career path for PPM/PMO resources
- Improved retention of PPM/PMO resources
- Improved employee satisfaction surveys



Once metrics have been agreed and data collection method determined and compiled, design a dashboard to promote results.
If performance declines in comparison to prior periods or benchmarks, corrective action can be taken early on.

Pragmatic approach to enterprise portfolio management

An effective PPM drives transformational business results and can help optimize the value of IT by prioritizing the right projects and delivering them successfully. A pragmatic approach to PPM must recognize the cultural dynamics within an organization

Success factors					
Our experience for a successful approach					
Put process first	Don't try to "boil the ocean"	Align with existing standards and policies	Recognize that one size does not fit all	Don't be afraid to check and adjust	Focus on change management early on
<p>Establishment and implementation of the Agile PPM process, aligned with organization strategy and culture is the key to the long-term success of a PPM initiative.</p> 	<p>Staying away from the wholesale changes at the start and implementing Agile PPM processes in phased approach is critical to program success.</p> 	<p>Agile PPM processes aligning with the other current standards and policies that project team is familiar with is the key. PPM taxonomy and process definition should not be too far removed from the current knowledge-base of the organization.</p> 	<p>Understanding the needs of the organization and customizing some of the PPM processes to satisfy those needs is the key. Prior to establishing any PPM process, organization resources and tools should be carefully considered.</p> 	<p>Agile PPM is an evolving process and to realize the benefit over the longer term, an organization needs to review implemented processes and results and always adjust as necessary.</p> 	<p>Realizing the magnitude of change that a Agile PPM implementation will have and planning for efforts required to educate various groups within a large organization is the key to success.</p> 

In Summary

Use Agile Portfolio Management Process to:

- Reduce time between idea generation, conceptualization and project initiation
- Improve portfolio decision making by iterative Epic elaboration involving the key stakeholders
- Manage portfolio effectively by the use of Kanban
- Optimize portfolio by frequent Portfolio Backlog reviews (re-prioritization for the continuous ROI improvement)
- Reduce WIP for the Agile projects instead of focusing on resource utilization (Kanban Pull)
- Utilize appropriate project execution method e.g. Agile vs. Waterfall vs. Hybrid
- Improve benefit realization and overall portfolio ROI

Questions?

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