PMO
Conference
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From plan-based to discovery-based portfolio management

Henny Portman

Biography: Henny Portman

- **ING** + **NN** 1981-2017
- Tiel Utrecht Verzekeringen: Developer/Analyst/Head System De...
- Consultancy ING Fatum Paramaribo, Suriname
- ING Investment Management Nederland: Head IT
- ING Investment Management Europe: PMO Head
- ING Insurance Central Europe: Regional PMO head
- ING Insurance: Global PMO Head
- I build hub and spoke PMO's in Europe and Asia and implemented portfolio ma...
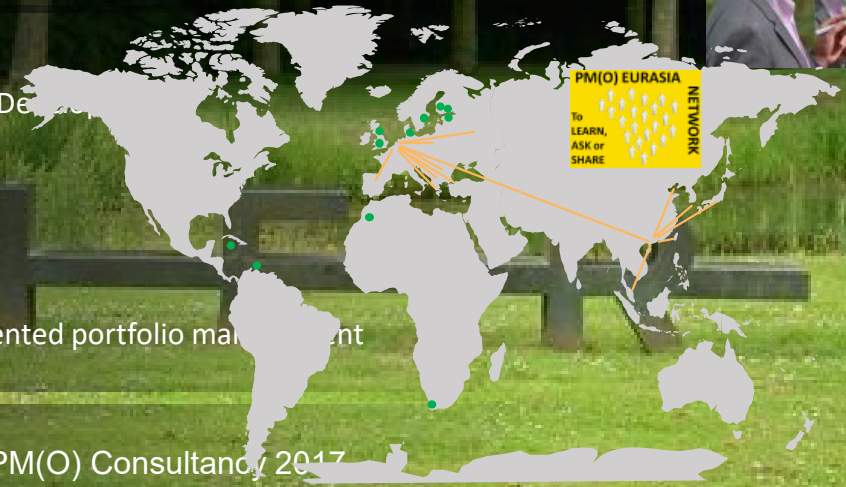
Now:
- Partner HWP Consulting (2017-2021), Portman PM(O) Consultancy 2017
- Certified MoP, P3O, MSP, PRINCE2, PRINCE2 Agile, AgileSHIFT, AgilePM, AgilePgM trainer, SAFe SPC4 Certified Consultant,
- PMO Value Ring Certified Consultant, Judge PMO Global Awards 2019-2022
- P3M3 Consultant / Assessor, IPMA PE Award assessor
- Blogger, reviewer Managementboek.nl, Judge managementbook of the year 22/23
- (International) speaker
- Author of PM articles and books

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Intro

AGILE PORTFOLIO MANAGEMENT
The bridge to strategic agility
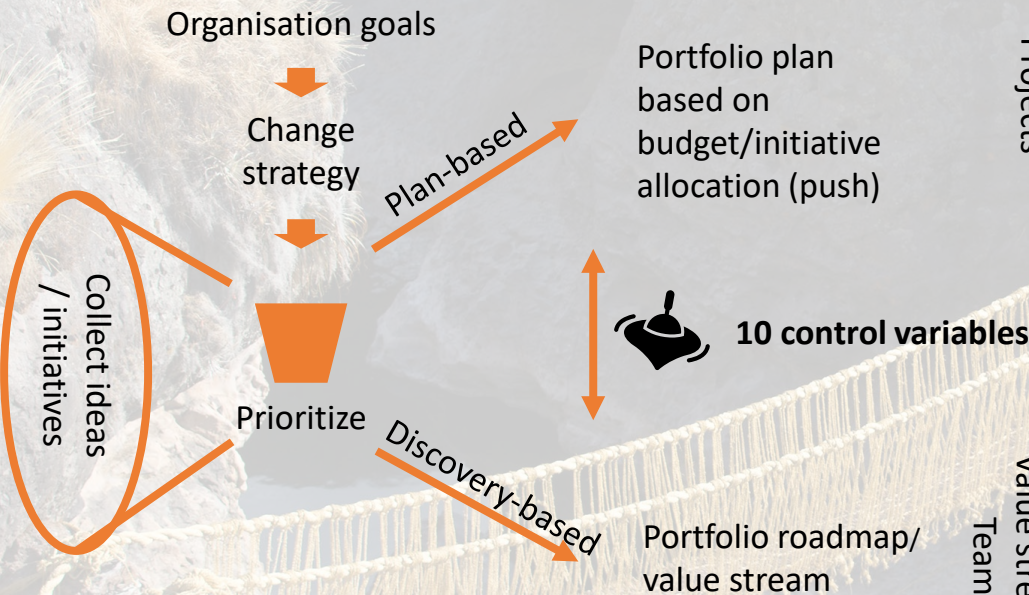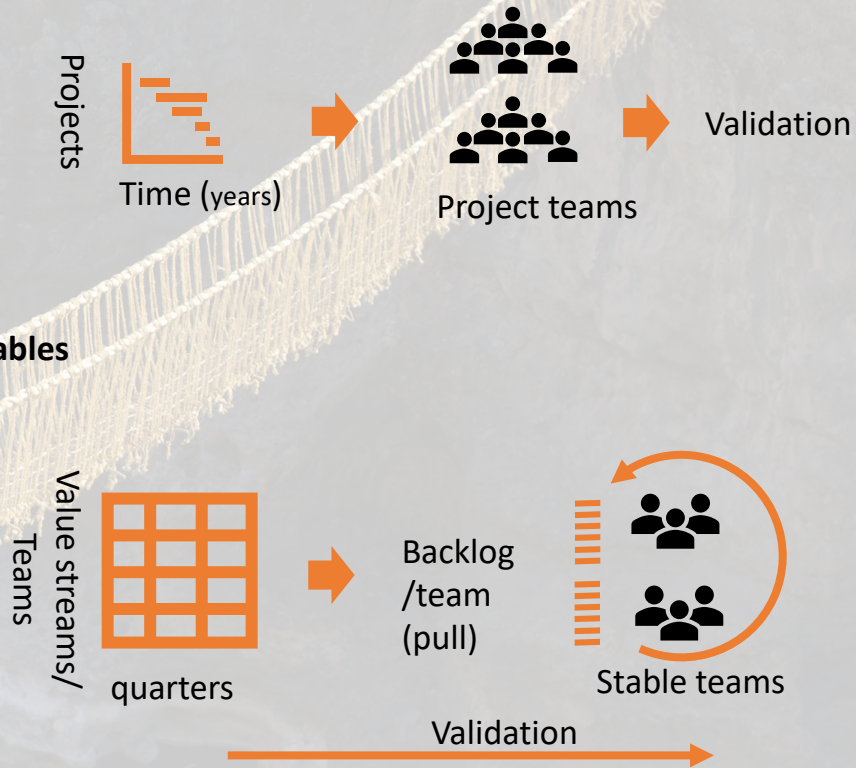
Portfolio management comes down to the following four questions :

4 questions	Plan-based portfolio management	Discovery-based portfolio management
Are we doing the right things?	Does the initiative contribute to the desired organizational goals?	
Are we doing things the right way?	Allocation based on project budgets. Projects and programs plotted in portfolio plan (push). Perform project and program, and portfolio management.	Allocate budgets to value streams. Initiatives in portfolio roadmap and backlogs (pull). Use of Scrum or scaling framework.
Are we getting things done?	Periodic project and program progress reports in terms of outputs. Portfolio-level aggregation. Portfolio board reviews and initiates actions.	Reporting on outcome and impact. Use obeya room where management team tracks achievement of organizational goals and can take action.
Are we realizing the desired value?	post-delivery review of projects and programs.	more continuous validation of the delivered value after delivery of each increment. Teams deliver iteratively.

Portfolio management Agility

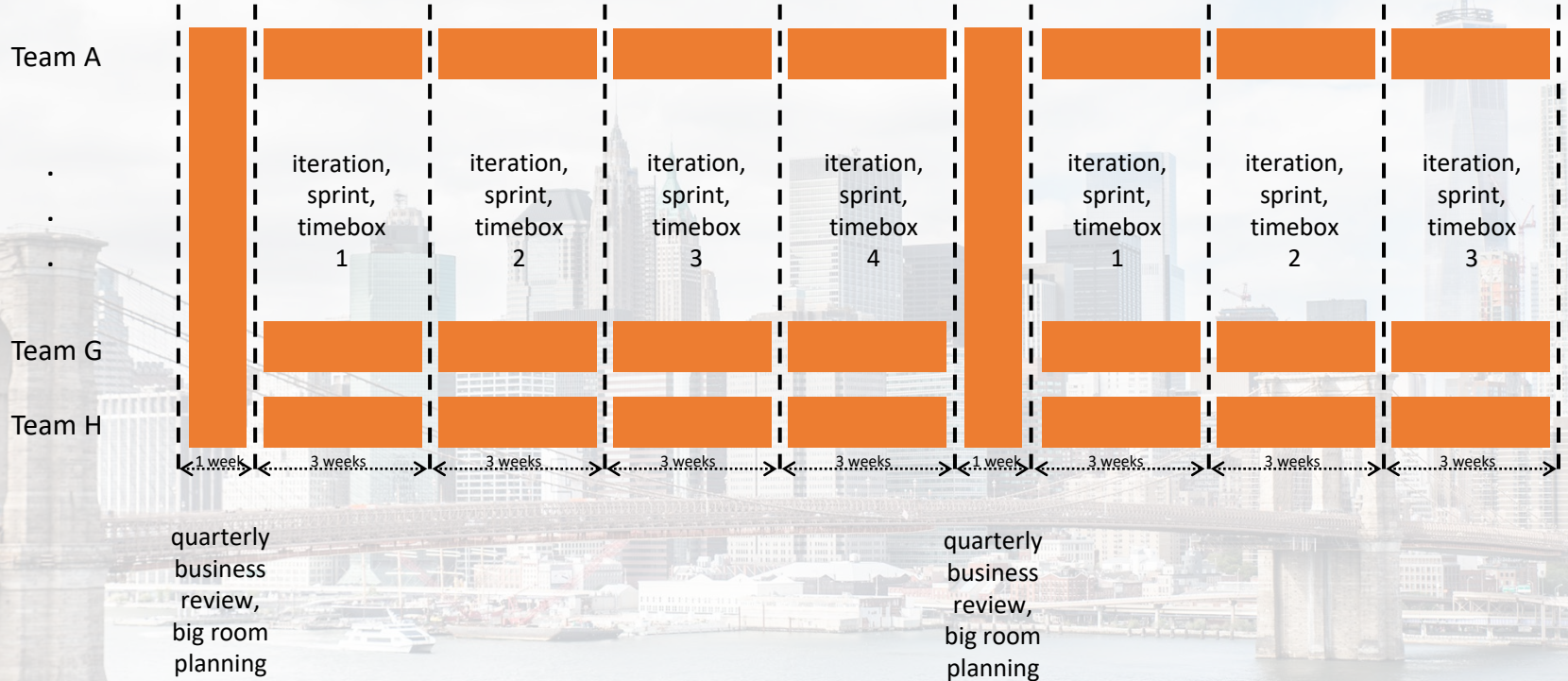| Plan-based	Category	Discovery-based
Long (months to years)	**Cycle-time/horizon**	Short (months to days)
Extreme multi-tasking, push-based	**Work in progress (WiP)**	Monotasking, pull-based
Out*put*-driven (product, service)	**Result orientation**	Out*come*-driven (value, impact)
Fixed strategic decisions	**Strategy changeability**	Flexible strategic options
Validate afterwards	**Validation focus**	Validate continuously
Hierarchical (top-down)	**Decision-making structure**	Network (bottom-up)
Assumptions, beliefs, opinions, expertise, historic authority	**Decision-factors**	Data, evidence, market information, explicitly confirmed hypotheses
Fixed execution Unchangeable implementation	**Execution flexibility**	Flexible execution Changeable implementation
Fixed performance	**Execution mindset**	Growth performance
Annual evaluation (increasing predictability)	**Improving portfolio management**	Short cyclical improvement (moving current limits)

1

SET UP SHORT-CYCLED PORTFOLIO MANAGEMENT

Plan-based Portfolio management

Discovery-based Portfolio management

Long (months to years) | Cycle-time/horizon | Short (months to days)

PI 6 | PI 7 | PI 8

Team A

.

.

.

PI-planning

iteration 7.1 | iteration 7.2 | iteration 7.3 | iteration 7.4 | PI-planning | iteration 8.1 | iteration 8.2

Team G

Team H

2 weken | 2 weken | 2 weken | 2 weken | 2 weken | 2 weken | 2 weken | 2 weken

Innovation and planning iteration

Innovation and planning iteration

SAFe
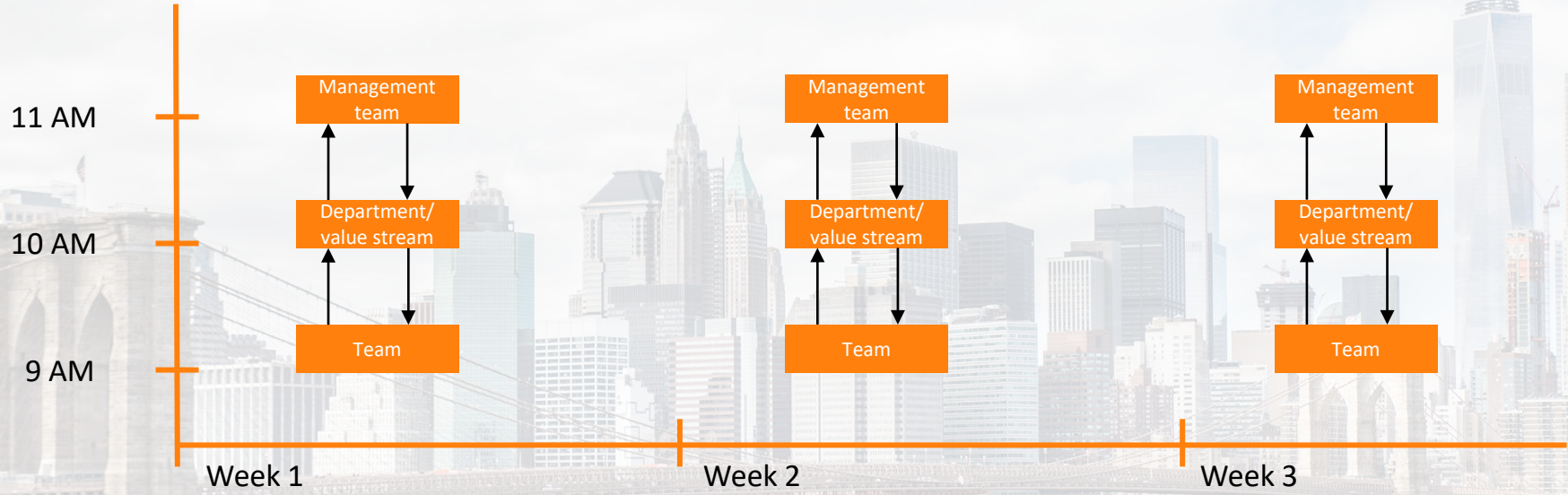
2

REDUCE THE NUMBER OF PARALLEL INITIATIVES

Who manages more than one project?

Plan-based Portfolio management

Discovery-based Portfolio management

Extreme multi-tasking, push-based

Work in progress (WiP)

Monotasking, pull-based

push

pull

A

B

C

Multitasking

A

B

C

B B

A

Task switch

A

B

C

D

Backlog

Prioritize

A

B

C
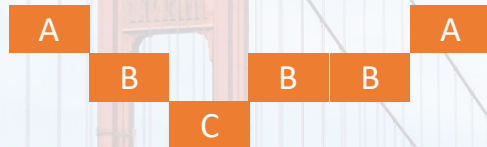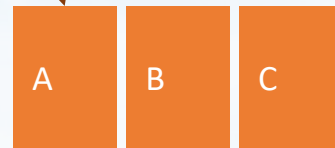
Monotasking

3 MANAGE BY VALUE

Who manages by value?

Who has defined value?

Plan-based Portfolio management

Discovery-based Portfolio management
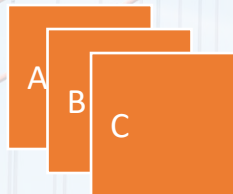
Out*put*-driven
(product, service)

Result orientation

Out*come*-driven
(value, impact)

EIGHT MEASURES TO MAKE STEERING ON VALUE CONCRETE

1. Accept that value is subjective

2. Define value multi-dimensionally and holistically

3. Make value a continuous and iterative conversation

4. Give bonuses based on validated returns

5. Give product owners value frameworks

6. Express financial value based on relative valuations

7. Add value determination to the definition of ready

8. Use time as a means for early validation and quick results

Plan-based Portfolio management

Discovery-based Portfolio management

Out*put*-driven
(product, service)

Result orientation

Out*come*-driven
(value, impact)

UV: Unrealized Value

CV: Current Value

Evidence based management
4 KVA's: Key Value Areas

A2I: Ability to Innovate

T2M: Time to Market

Source: EBM Evidence-Based Management Guide, Scrum.org

4 KEEP STRATEGIC OPTIONS OPEN

Plan-based Portfolio management

Discovery-based Portfolio management

Fixed strategic decisions | **Strategy changeability** | Flexible strategic options

VUCA world
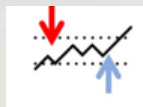
Volatility
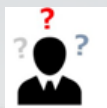
Uncertainty
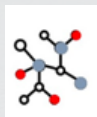
Complexity

Ambiguity

Start scenario development

Rate options

Make strategic decisions

Early warning indicators

Robust (fit 3-4 scenarios)   Flexible

Conduct strategic exploration

Identify trends and drivers

Define alternative futures and associated scenarios

Develop options for each scenario and test each scenario

Define predictable futures

Define future vision

From traditional planning process to learning while doing
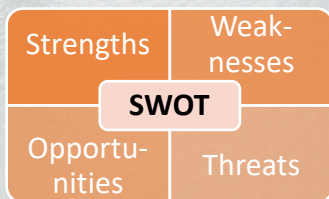
Strengths	Weak-nesses
Opportu-nities	Threats

SWOT

Source: De wendbare organisatie - Agility Based Strategy in de praktijk Leo Kerklaan

Plan-based Portfolio management

Discovery-based Portfolio management

Fixed strategic decisions

Strategy changeability

Flexible strategic options

Choosing strategic options with the **Strategic Bets Framework** (Ron Meyer)

High chance

Sure bet: no regret option, positive in every scenario

Safe bet: secure option, positive in most scenarios

Solid bet: attractive option, positive in many scenarios

Side bet: speculative option, positive in some scenarios

Slim bet: long shot option, positive in few scenarios

Low chance

Strategy planning (Spotify)

Tribe X Bets Board

Now	Next	Later
1	1	1
2	2	2
3	3	

Market Bets Board

Now	Next	Later
1	1	1
2	2	2
3	3	3

Company Bets Board

Now	Next	Later
1	1	1
2	2	2
3	3	3
4		

Tribe Y Bets Board

Now	Next	Later
1	1	1
2	2	
3	3	
4		

… Bets Board

… Bets Board
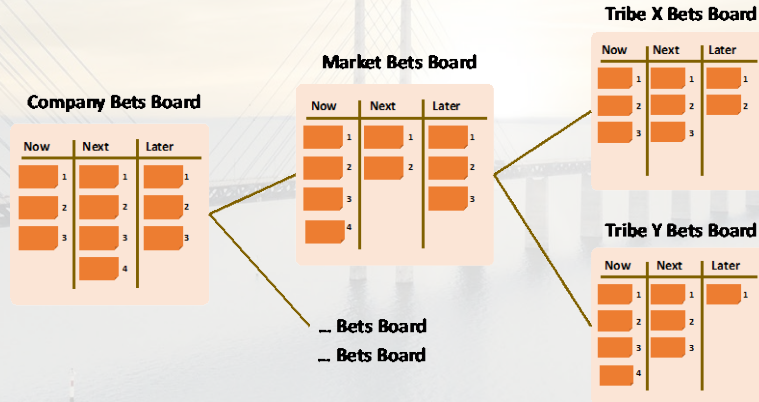
SAFe: **Set based approach**

Meerdere opties

5 START VALIDATION AS EARLY AS POSSIBLE

6 **INVOLVE POs AND BOs IN PORTFOLIO MANAGEMENT**

Planmatig Portfoliomanagement

Ontdekkend Portfoliomanagement
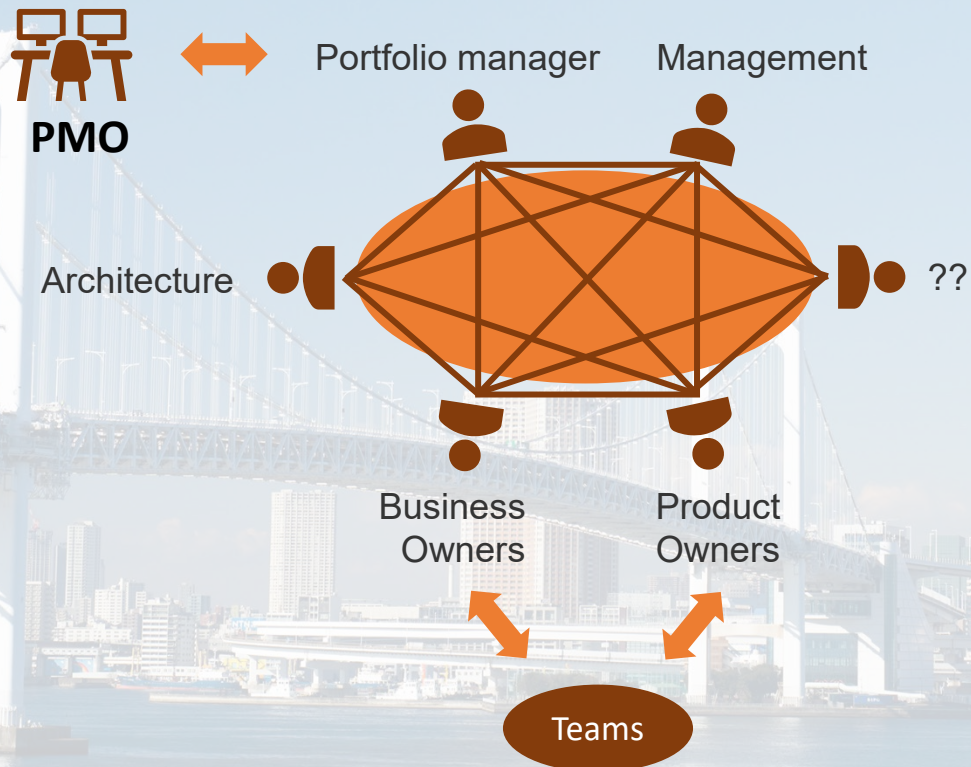
Hierarchical (top-down) | Decision-making structure | Network (bottom-up)

	Plan-based PMO	**Discovery-based VMO**
Ways of working	Sequential/waterfall	Iterative and incremental/agile
Teams	Temporary. Set up and dissolve.	Focused on continuous delivery of value.
Controls	Phased gateways, rigid approval processes, centralized decision-making, authority and detailed project plans.	Value delivered, limited financial direction, alignment with strategic goals, dependencies between teams, batch size.
Processes	Compliance and predictability. Tight change management and control.	Teams are given the flexibility to collaborate and stop or reverse a development when necessary.
Metrics	Milestones, document driven products, Gantt charts and efficiency.	WiP, batch size, lead time and cycle time, burndown charts and delivered value.
Role	Planning and control, tracking and reporting.	Mentoring and coaching, maximizing value delivered.

7 FEED PORTFOLIO MANAGEMENT WITH DATA

Plan-based Portfolio management

Discovery-based Portfolio management

Assumptions, beliefs, opinions, expertise, historic authority

Data, evidence, market information, explicitly confirmed hypotheses

Decision-factors

OKR's

Activity	Digging, building		
Output	One village pump	Immediate result of process	
Outcome	Time to fetch water from 2 hours to 10 minutes	What happens as a result of the output	
Impact	Increase quality of life through education	What you hope to change	

Key results

Objectives

KPI's, Health metrics

Dolphin score

ACTUAL	THRESHOLD	DELTA
42	40	+2

8

MAKE CHOICES REVERSIBLE

Plan-based Portfolio management

Discovery-based Portfolio management

Fixed execution
Unchangeable implementation

Execution flexibility

Flexible execution
Changeable implementation

Idea

MVP, RAT

Persevere

MMP, Single feature product

?

Pivot

Unrealized value?

Pivot

Stop or rollback

Persevere

Implement additional features

Frequent, iterative product delivery

MVP: Minimum Valuable Product
RAT: Riskiest Assumption Test.
Building and validating hypothesis or assumption

MMP: Minimum Marketable Product. Building and validating the smallest solution that delivers a single feature for a single group of customers or users

Partly based on *Evidence-Based Portfolio Management*, Scrum.org

9 GROW DELIVERY CAPABILITIES

Plan-based Portfolio management

Discovery-based Portfolio management

Fixed performance

Execution mindset

Growth performance

- Increase knowledge and competencies teams
- Reduce dependencies
- Simplify architecture
- CI/CD, DevOps

Using a process to manage dependencies is a false solution!

Break down legacy systems and assign maintenance and management of components to associated value streams

10 CONTINUOUSLY IMPROVE PORTFOLIO MANAGEMENT

Plan-based Portfolio management

Discovery-based Portfolio management

Annual evaluation
(increasing predictability)

Improving portfolio management

Short cyclical improvement
(moving current limits)

- Retrospectives on portfolio management
- In line with the heartbeat
- Prioritize
- Take small steps and experiment

365 days
doing nothing:

$(1,00)^{365} = 1$

"It's very difficult to improve 1 thing by 100%, it's much easier to improve 100 things by 1% for the same effect"
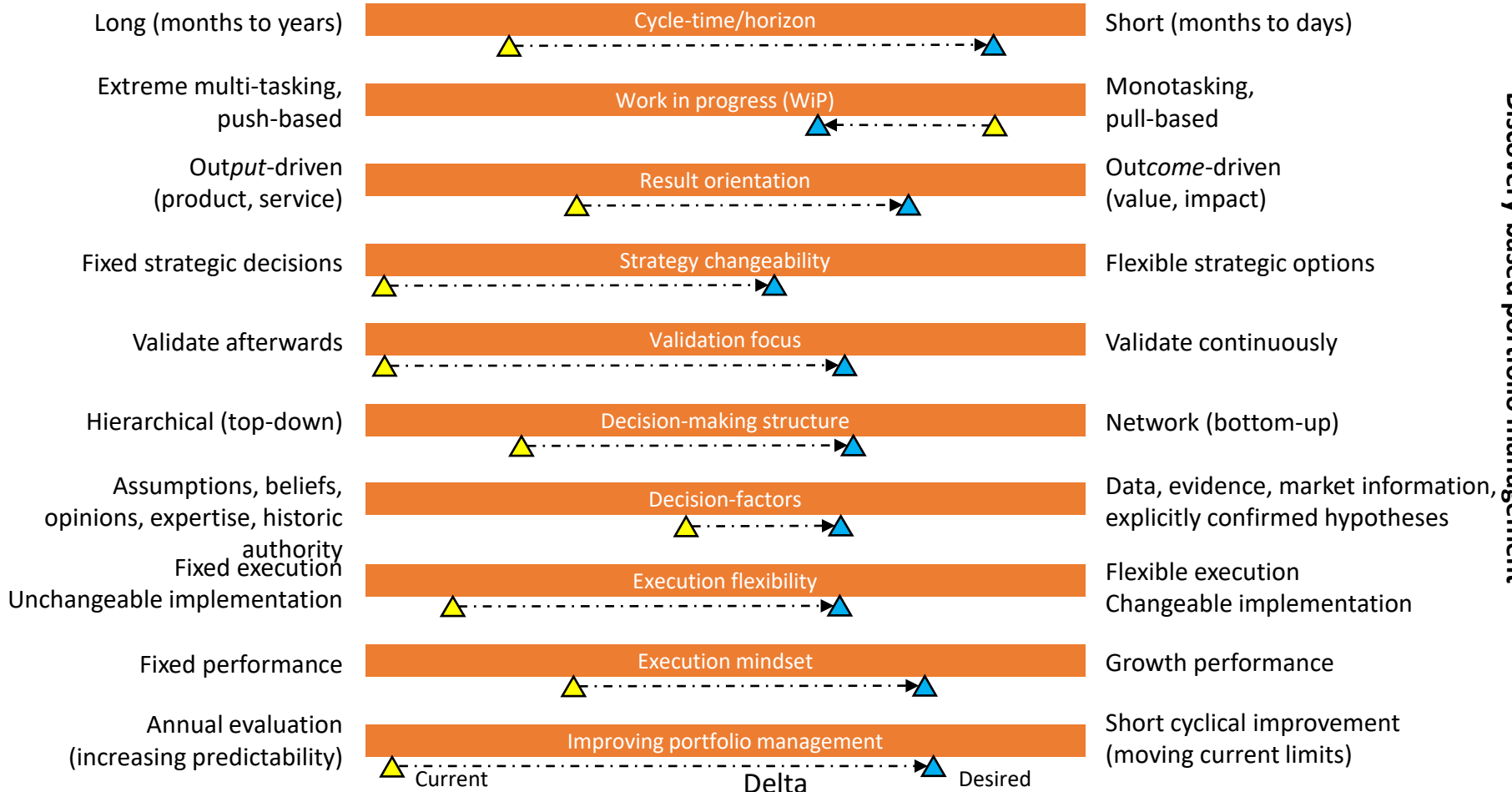
- Dave Brailsford, manager Team Sky

365 days
Small effort:

$(1,01)^{365} = 37,7$

"On a given day, a given circumstance, you think you have a limit. And you then go for this limit and you touch this limit, and you think, 'Okay, this is the limit'. And so you touch this limit, something happens and you suddenly can go a little bit further."

- Ayrton Senna,
F1 driver

Portfolio management Agility

Plan-based portfolio management (left axis) — **Discovery-based portfolio management** (right axis)

Plan-based (Current)	Category	Discovery-based (Desired)
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Current — Delta — Desired

End Questions