The WHAT, WHY and HOW of Agile Portfolio Management

In today's digital era, IT teams are often swamped by incoming requests and find it difficult to keep pace with the rapidly growing and changing demands from businesses. While they are working on initiatives, they lack the business understanding and hence fail to appropriately prioritise incoming requests.

To be able to manage both IT resources and business/stakeholder expectations, CIOs should have a clear view of,

- What initiatives are mission critical for business, what will translate to cost savings and revenue growth and what is imperative from a security, privacy and regulatory standpoint.
- How KPIs and benefits are being tracked for delivered initiatives.
- How incoming demands are being efficiently managed specially when external parameters are changing at a fast pace.
- What the status of the in-flight projects is, and where there is over or under spending.

Answers to these questions can be simple if robust portfolio management practices are followed within the IT division.

So, WHAT is portfolio management?

Portfolio Management aims to provide simple answers to the following:

- What are the benefits envisaged and how will the success be measured?
- What are the key risks and mitigation plans?

What is everyone in IT working on today, and why?

The answer to this is not a fancy extract from a time reporting system, but requires more semantics attached to the projects that are underway, like

- What business priority do they align with?
- How the success of each is being measured?
- What stage of execution are they in?
- How much budget has been spent?
- How is change management being handled?
- Whether teams and resources are being utilised efficiently? etc.

What will the IT teams work on next?

- What are the initiatives in the pipeline, the sponsors, and their priority order?
- How do they align with the business and strategic vision?
- What are the asks in terms of funding and resourcing?

WHY is portfolio management important?

A pertinent question that comes to mind is,

Should organisations be tracking only the top few initiatives that are strategic and key to business? What about the remaining long tail of initiatives and their management & tracking?

Executives may not appreciate the importance and effort required to develop a comprehensive project portfolio. Does the 80-20 rule apply here as well?

For the business-as-usual IT work, classified as "run the business" or "keep the lights on" (like a server patch or system upgrade), the project management and tracking may be straightforward and well established.

But for growth initiatives, that require more business participation, cross department collaboration, redesigning of the digital workflows to service customers, new operations procedures, new data capabilities to support new product offerings etc., portfolio management practices become vital.

For agile transformation, portfolio management practices become even more important primarily because,

- Organisations need to be nimble to adapt and adjust in light of ever-changing external conditions (including market, customer, competition etc.). On some initiatives there may be a need to push the accelerate button, while others may be pushed to a halt (or in extreme cases, aborted) due to changing circumstances.
- Cross-department, cross-function staffing is needed to execute these transformation programmes and initiatives under them.

HOW to start with portfolio management?

I. Collect data of existing/in-flight initiatives

The team entrusted with the responsibility of implementing portfolio management within IT will first need to take stock of the current initiatives that are running. These could be in different lifecycle stages.

Sometimes it may be needed to clearly define the stages as well, which could look like below:

- **Submitted or new –** the basic idea is submitted for a change initiative
- **Ideation –** The submitted idea that was shortlisted is now being formally developed into a business case.
- **Planning –** The business base is approved, and the sponsor is working towards mobilising resources and drafting an execution plan.
- **Development –** The initiative is being worked upon by the assigned teams.
- **Operations –** The initiative is operational, and team is collecting success criteria tracking and improving continuously.
- **Done –** The initiative is formally closed, and teams are released to work on other initiatives.

Funding is a common challenge faced by IT teams. Organisations need to ensure that there is an investment balance between growth, innovation and business-as-usual categories of work. Therefore, classifying initiatives also becomes important.

Types of initiatives – It's important to adopt a uniform way of classifying initiatives, which should match with wider organisation and strategy terminology. We've seen organisations typically following the below categories:

- **Growth –** These are the initiatives that relate to revenue growth by investing in products, customers and markets.
- **Operational Efficiency –** These initiatives are aimed at driving cost savings via automation, streamlining workflows and removing redundant processes.
- **Risk & Compliance –** These initiatives are regulatory in nature, required to mitigate impending security or privacy risks, or to comply with a new or changed regulation.
- **Research & Development –** These initiatives often cover prototypes that are

- meant to build advanced capabilities leveraging new technologies.

II. Building an initiative pipeline

How do we build the initiative pipeline? How do we collect the ideas? Should it be top-down coming from the top leadership to the IT teams?

While leadership can provide the overall strategic vision on say – efficiency goals, metrics that need to go up or down; what is lacking is real insights of where the issues lie, what those opportunities are in terms of sales revenue growth etc., which can ultimately become the areas of focus or the next set of initiatives. Examples:

- Operations team members can provide a list of items that are inefficient, processes that are long drawn and tirelessly manual and error prone. That's where we can spot the use cases for automation and process improvement.
- Risk & Compliance Office can provide a list of changes that need to be done to meet regulatory requirements or latest audit findings.

These ideas are a good starting point, which then need to be evaluated and filtered based on set criteria and discard the ones that seem unfeasible.

The ideas that are shortlisted by the assigned decision authority should then be formally developed as a business case and undertaken as an initiative.

III. Select and configure an appropriate portfolio management tool

With the information collected on existing initiatives and the pipeline, the next step is to identify the appropriate tool and configure it.

Organisations should aim to implement a simple portfolio management tool, that can,

- Link to existing project management tools for tracking milestones automatically
- Support centralised status reporting
- Allow teams to collaborate and submit new ideas
- Support financial tracking of costs and variance with budgets
- Provide resource management information at high level
- Support tracking of risks, issues, and dependencies.

IV. Light weight governance structure

Organisations should adopt a lightweight governance structure to manage the IT portfolio smoothly. Terms of reference should be set out in advance to align with the purpose, roles and responsibilities of those participating in the portfolio management, and key decision makers.

A project management office could be set up to oversee the portfolio, overall communication and management reporting, track risks and issues.

Finally, this is a start small! The key is to keep the initial roll out simple and then add capabilities as the organisation becomes comfortable using the tool.

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