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INTRO TO RESPONSIVE PRODUCT PORTFOLIO MANAGEMENT - AN ESSENCIAL FRAMEWORK FOR TECH LEADERS

Empower Leaders to Collaborate Effectively Connecting OKRs with Agile Execution

EXECUTIVE SUMMARY

Empowered teams and team collaboration are well known factors to the success of an organization.

But there is a missing link - **the empowered managers and their effective collaboration.** They are essential to enabling a responsive organization in today's fast changing market with distributed workforces.

All Managers are Portfolio Managers. They allocate their team's time for the best business outcome. To be effective, they need to apply the Responsive Product Portfolio Management principles ("Responsive PPM") to collaborate upwards with executives, downwards with their teams, and across with each other to align strategic approaches, allocate resources, and adjust to changes responsively based on business outcome from the agile execution.

This white paper will discuss:

- The loss of real agility due to gaps between standalone frameworks and functions

- How Responsive PPM completes the iterative connection between OKRs and Agile

- Why functional leaders need to become effective Portfolio Managers

- Platforms like dragonboat.io enable Responsive PPM and provide a single source of truth for strategy and execution

THE LOSS OF REAL AGILITY

Agile development has greatly increased team productivity - empowered autonomous teams perform rapid iterations based on feedback from internal and external stakeholders.

However team agility can fade into "**agile madness**" quickly, due to competing demands, dependencies between teams, or a lack of understanding on the big picture. To address these challenges, companies adopt a top down goal setting approach, such as OKR (Objectives and Key Results). With OKR, executives define and share objectives to the rest of the organization to align everyone towards the same destination.

However, OKR alone does not resolve the "madness" problem due to these three gaps.

1 Missing strategic alignment. While teams are aligned on the objectives, they are often misaligned on the high level approach on how to achieve the desired outcome, as the Bridge vs. Tunnel problem illustrated below by Spotify in 2014.

2 Competing objectives. Often one team needs to fulfill multiple objectives, making it difficult to prioritize efforts for Objective A vs. for Objective B.

3 Disconnect on resource allocation. Each objective may require a different amount and/or different type of resources. Lack of connection between objective and resource allocation often causes resource bottlenecks that delay one or multiple teams and hence hinder the overall agility.
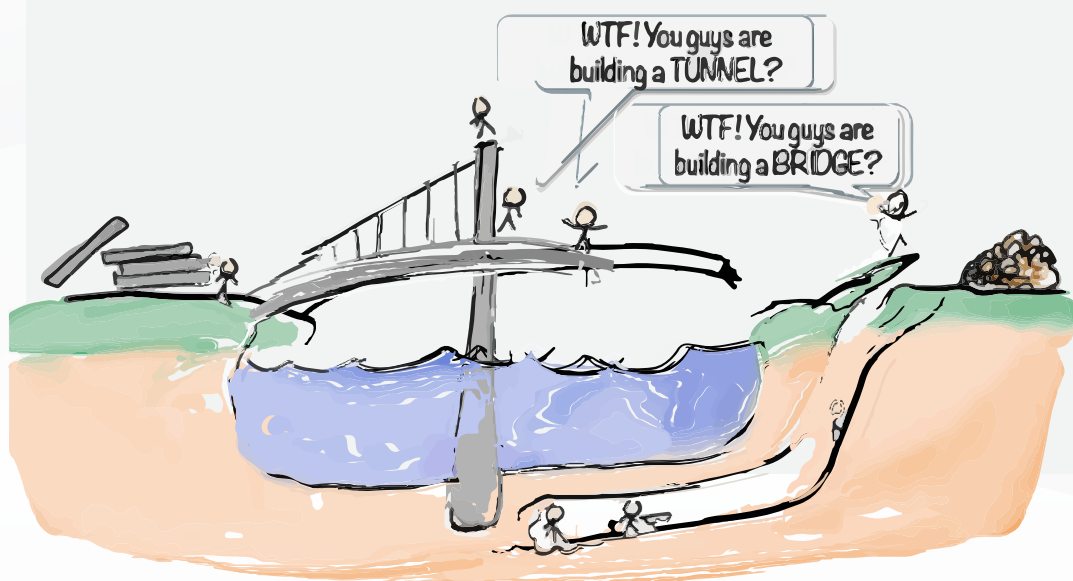
BRIDGE VS TUNNEL MISALIGNMENT

These missing elements were previously addressed in the "Traditional Project Portfolio Management" framework.

The Traditional PPM starts with strategic planning, often held once a year. Executives came together to determine the company's goals, assess and determine the list of projects needed to achieve these goals, and allocate budget to these projects, aka a Project Portfolio.

This top down command and control process worked back in a time when the world was changing very slowly and executives had more overall information than their teams.

But the world has changed - having a predetermined set of projects long in advance is not possible. Including only the executives in determining the strategies does not empower functional leaders. Using financials as the only way to measure investment and outcome is limiting.

The fast changing world combined with the rise of knowledge workers in every company has led to the rise of Responsive Product Portfolio Management ("Responsive PPM").

RESPONSIVE PPM ENABLES THE ITERATIVE CONNECTION BETWEEN OKRS AND AGILE

Responsive Product Portfolio Management is a brand new way of Portfolio Management evolved to compliment the Agile execution.

Unlike Traditional PPM that sets up the fixed scope project portfolio following a top down approach, Responsive PPM is a bi-directional top down and bottoms up process, built with an iterative strategic planning phase and agile execution phase, involving the empowered functional leaders in both phases.

STRATEGIC CYCLE   EXECUTION CYCLE

OBJECTIVES
INITIATIVES
FORECAST

STORIES
TASKS
SPRINTS

Align   Allocate   Adjust

Responsive PPM also replace the list of pre-defined project portfolios with a list of outcome driven initiatives that allows adjustment of scope based on the outcome of execution.

Responsive Product Portfolio Management empowers functional leaders to connect goals and execution. It adopts three time horizons, uses MoAR to evaluate opportunities, and apply a portfolio allocation approach for holistic prioritization.
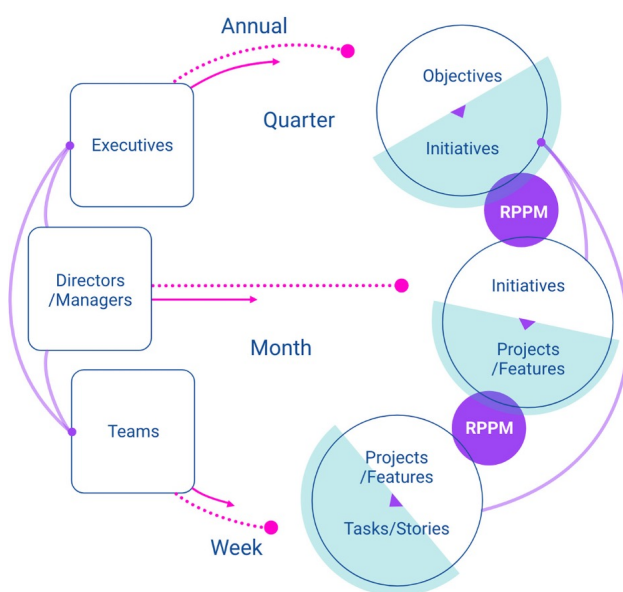
THREE TIME HORIZONS

Most organizations operate in roughly three time horizons.

At the Agile Team level, the goals are about 2 weeks out ("Sprints") and the focus is on tasks towards the sprint goals.

At the Executive level, the goals are often one year out with the focus on initiatives in a quarterly range.

Connecting the two are functional leaders, who collaborate with executives and each other to align strategies and quarterly milestones towards annual goals. Functional leaders also steer and enable agile teams to align their sprints towards these quarterly milestones.

RESPONSIVE PPM CONNECTS ACROSS ALL LEVELS

The three time horizon framework prevents strategic misalignment, a leading cause of "agile madness".

Just like Agile teams use daily standups to assess outcomes and adjust their activities, functional leaders use Product or Operational Reviews to assess quarterly execution and adjust strategies and allocations based on product outcomes.

It's important to note that these aren't once a year or once a quarter planning sessions. It's a continuous cycle by various members of the organization that forces executives, leaders, and teams to always look out one year, one quarter or two weeks from that moment in time.

# METRIC OVER AVAILABLE RESOURCES (MoAR)

ROI (Return on Investment) is not the best, or only metric to prioritize products.

The return in ROI refers to Profit, which is often difficult to attribute to a product feature. Nor is profit the only metric a company values. (Think innovation for the long term, or NPS from customers, for example).

On the flip side, financial investment does not directly contribute to the product outcome. The sacred resources required here are people with specific skill sets. An iOS engineer's time is more valuable for an iOS application, but less so for a machine learning based feature.

Responsive PPM uses a much more immediate metric called MoAR, or "Metric over Available Resources" to evaluate features.

When multiple features are competing for the same resources, their estimated impact (benefit) to a given metric is scored from 0 to 100. The score is then divided by the resourcing needs to get to a MoAR number.
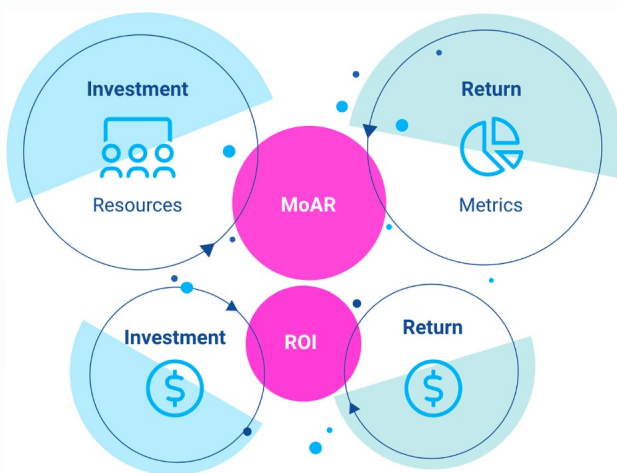
MoAR gives portfolio managers the transparency they need to ensure resource allocation contributes directly to business goals as measured by the relevant metrics.

It leads to better resource alignment and identifies areas where there may be resource shortage or under utilization.

RESPONSIVE ALLOCATION

Companies always have competing goals, such as revenue goals, retention goals and efficiency goals among others. Customers, too, also have competing needs. A product often serves different customer segments or markets, such as new customers, existing customers, enterprise customers, etc.

Instead of applying a single prioritization framework to compare feature A with feature B, that may contribute to different goals, Responsive PPM adopts a multidimensional portfolio allocation approach that considers the need of a portfolio of goals, and a portfolio of customer or market segments.

During the strategic phase of Responsive PPM, leaders collaborate with a holistic view of competing objectives and competing customer needs. They adjust strategies and resource allocation based on shifting market needs and progress towards OKRs. Once the allocation towards objectives is in place, the MoAR is used to prioritize features enabling the same goal and competing against the same resources.

This holistic and responsive approach allows leaders to help individual teams with focus and enable them with the resources needed —allowing everyone to row together in the same direction rather than competing for finite resources and creating "agile madness".

dragonboat Enables Responsive PPM and Provides a Single Source of Truth for Strategy and Execution

OKR and Agile need to be connected to fit today's dynamic and distributed business environment.

Responsive PPM enables tech leaders to align strategies and allocate resources from the top, and provide progress visibility from the bottom. The bi-directional collaboration allows the entire organization to work together to achieve true agility.

Many product, program and engineering leaders have already been following the Responsive PPM method at innovative companies such as Netfllix, Spotify, Amazon and PayPal. However the best practice is carried out via a trial and error approach using a myrad of spreadsheets, hallway chats and whiteboard sessions.

dragonboat is built upon the Responsive PPM framework to enable a consistent practice with automated workflows. It gives organizations a single source of truth for strategy and execution allowing leaders to align people and ideas to goals, forecast and adjust staffing needs, automatically update and predict progress, and enable clarity and visibility across portfolios.

This elevates middle management to a leading role in steering highly-responsive strategic planning and agile execution.

With dragonboat, everyone, from functional leaders, to executives, teams, and their colleagues can have easy access to strategic context and progress visibility any time they want, from anywhere they are. So they can make better decisions faster.

dragonboat can be utilized as a standalone Responsive PPM platform or integrated with team tools such as Jira, Github, Asana, and Clubhouse to keep the existing agile workflow intact.

DRAGONBOAT ALLOWS YOU TO

Align products with strategies

Allocate and forecast resources with confidence

Automate visibility at all levels

Assess tradeoff scenarios instantly

Create a single source of truth on strategy and execution for everyone in the company

Scale in the cloud as your needs grow

The results are extraordinary. On average, dragonboat customers are able to improve agility by 10x, ship 50 percent more features and save two days a week through automation of previously manual processes. Most importantly, they are able to transform their business to be more responsive, nimble and customer focused.

Responsive PPM offers a proven framework for functional leaders to connect objectives, initiatives, resources and execution holistically and iteratively to accelerate value creation.

REMOTE WORK REQUIRES A SOURCE OF TRUTH FOR ASYNCHRONOUS COMMUNICATION

Even before the devastating Covid-19 global pandemic, knowledge workers were becoming more distributed. Mission-critical business tools were moving to the cloud, and users were accessing corporate data from anywhere. But remote work was still the exception.

Until the Spring of 2020 when billions of people around the world were ordered to shelter in place, shutting offices overnight while forcing everyone to work from home. Suddenly, strategic decisions reliant on "walk the hall", impromptu whiteboard sessions and team lunches were forced to use web-based collaboration tools. Despite endless conference calls or Slack messages, context and direction got lost.

The accelerated pace of remote work has only exacerbated the disconnect between Objectives and Execution. As a result, the workday is loaded with overcommunication and meetings, greatly inhibiting agility.

Responsive PPM via dragonboat eases the transition to the new normal by empowering portfolio collaboration in a single source of truth platform that can be accessed and referenced by stakeholders across the organization. This leads to better product and resource decisions in a time when aligning across products, teams, departments and locations is more important than ever.

ABOUT THE AUTHOR

Becky Flint is a veteran technology executive who has built and scaled product and teams globally in Fintech, ecommerce, smart manufacturing and AI spaces.

Currently Becky is the Founder and CEO of **dragonboat.io**, a leading Responsive PPM platform adopted by hundreds of innovative companies from Fortune 500 to startups globally. Prior to founding dragonboat, Becky has held multiple executive roles as VP of Product Programs at Feedzai,VP of Strategic Planning and Programs at Bigcommerce, Head of Program Management at Tinyprints/ Shutterfly, and Head of Global Payment Credit PMO at PayPal.

Visit dragonboat.io to learn how you can implement Responsive PPM with dragonboat