Adaptive Portfolio Planning:
5 Steps to Achieve Greater Agility for Your Transformation Journey

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According to The State of Strategy Execution Benchmark Report, companies face an average of three barriers in adapting to change. Complex governance and approval processes, unclear or conflicting priorities, and lack of resources are some of the most common barriers.

These risks and barriers bring pressure and hinder organizations from successfully achieving on-strategy execution. Business leaders must prioritize speed or risk falling behind and losing customers.

Speed, agility, and innovation are paramount, demanding and creating tectonic shifts within many organizations. To ensure they continue to deliver value, companies need to drive new approaches for greater adaptability and funding – effectively executing on strategy with the flexibility to adjust as the needs of the business change.

Business leaders and EPMOs like you can guide the organization on a transformation journey by:

1. Moving from an annual to a continuous planning process
2. Investing in initiatives that align with your organization's strategy and aims
3. Using roadmaps to outline a clear picture of your transformation journey
4. Focusing on outcomes and benefits rather than tactical outputs
5. Conducting checkpoints every quarter to assess the performance of your portfolios

This eBook presents five steps to help you become a strategic, more maneuverable organization that drives business results.

"70% of digital transformations fall short of their objectives, often with profound consequences... Delivering such fundamental change at scale in large, complex organizations is challenging, especially with short-term pressures."

Boston Consulting Group: Flipping the Odds of Digital Transformation Success

Why Your Organization Needs to Transform

Adaptive portfolio planning gives companies greater flexibility while helping them **drive value delivery within the organization**. Business leaders undertaking this journey can become strategic drivers of business outcomes.

Successfully transforming your organization yields major business benefits, such as:

- **Faster time to market:** Customers expect businesses to quickly deliver new products, features, and experiences. Agile-based principles and practices like continuous improvement, constant experimentation, and team autonomy allow organizations to improve customer satisfaction and reduce their time to market.

- **Aligning governance and funding with priorities:** A flexible governance framework prioritizes getting work done that aligns with strategy and delivers value, which informs how companies allocate money. Funding is based on performance to ensure money goes to initiatives with the greatest potential.

- **Improved responsiveness to change:** Adaptive portfolio planning lets organizations react in the face of shifting expectations and disruptions, so strategic leaders can make changes based on how their investments perform.

5 Steps to Adapting Portfolio Planning and Funding

Before we dive in, it's important to keep in mind that **transformation is a marathon, not a sprint**.

Don't expect to suddenly transform your enterprise overnight. It takes time – not even your traditional framework was built in a day.

Adaptive portfolio planning is attainable, but it requires making some challenging swings in attitudes, practices, and processes. Here are five steps business transformation leaders must make when starting their journey.

"Leaders have to anticipate and own disruption – with the agility and discipline that will help them differentiate and stay ahead. Without clear vision and strategy to shape the execution, business transformation initiatives can falter at even the most high-performing companies."

Deloitte: Thinking Big With Business Transformation

STEP 1: Change the Way Your Organization Plans

Move to continuous planning	Top-down continuous planning gives leaders insight into whether portfolios, strategies, and funding remain aligned with their business outcomes. This helps the organization drive value and stay competitive in the face of ongoing change.
Break long-term plans and initiatives into iterations	Business outcome-based planning requires breaking high-level plans into smaller deliverables to achieve value faster. Types of planning you can apply this to include: • Strategic planning • Program planning • Roadmapping and outcome planning • Investment and capacity planning This allows transformation leaders, EPMOs, and stakeholders to **constantly iterate, revisit assumptions, and revise their plans accordingly.**
Use scenario planning	Use scenario planning to model the impact of potential changes, balance trade-offs, and visualize the impact of altering investment priorities without impacting execution. Create and compare scenarios that answer key questions such as: • What are the impacts to delivering the portfolio outcomes if alternative staffing or funding scenarios are used? • What is the impact of shifting resources on overall portfolio costs and your Return on Investment (ROI)? This helps with determining prioritization, funding, and staffing across portfolios.
Lighten governance	Remove any cumbersome governance processes that impact decision-making and efficiency. EPMOs and transformation leaders should apply just enough governance to ensure that the strategy and initiatives align with the intended outcomes.
Fund incrementally	Tie funding to short-term programs and outcomes. Incremental funding gives the flexibility to take calculated risks, capitalize on opportunities that arise, and even fail fast so you can learn from your mistakes.

Explore *"Planning Deconstructed: 5 Types of Planning Crucial to Delivering on Strategy with a Dynamic and Continuous Approach"* to learn how to **create plans that enable you to continuously connect strategy to delivery.**

STEP 2: Switch to Program and Product-Centric Planning and Funding

Adopting an approach that increases customer-centricity, drives innovation, and accelerates time to market requires your organization to shift funding constructs from projects to products.

Here's how you can put this in motion…

Fund and deliver programs and products	Project-based funding is too limiting. Portfolio funding is about return and value.
Make outcome-based funding and investment decisions	Fund based on how well the investment ties to strategy and objectives, not tactical metrics such as scope and requirements.
Prioritize portfolios by programs and their associated values	Use measures of return such as ROI, Net Present Value (NPV), and Internal Rate of Return (IRR) to prioritize investments based on objective criteria, rather than who shouts the loudest.
Modify portfolios when needed	Move investments from longer-term programs to shorter-term epics with prioritized outcomes.

If your organization is making the transition to product-centric planning, organize around the product itself.

This approach enables organizations to ensure the work delivered is always tied to strategy. By planning and managing across portfolios, strategic portfolio and program managers can continuously monitor progress, resolve resource conflicts, manage dependencies, reallocate funding, and realign quicker as change happens.

STEP 3: Connect Roadmaps with Strategic Objectives

Strategic roadmaps are an essential part of transformation and adaptive portfolio planning. They demonstrate where the organization wants to go and how far they've already traveled.

Portfolios and roadmaps must be connected to your organization's strategic objectives. Stakeholders need accurate, up-to-date information on the portfolios. They also need context to help them make sense of this information. Context-specific content could be related to:

- **Business applications:** How decisions made around business applications have an impact on the delivery of strategic outcomes
- **Business products:** How product deliveries, upgrades, and removals can influence company goals
- **Business services:** How capabilities and services deliver strategic outcomes, as well as any dependencies that can affect that delivery
- **Technology infrastructure:** How changes to the technology infrastructure and business capabilities landscape can influence company goals

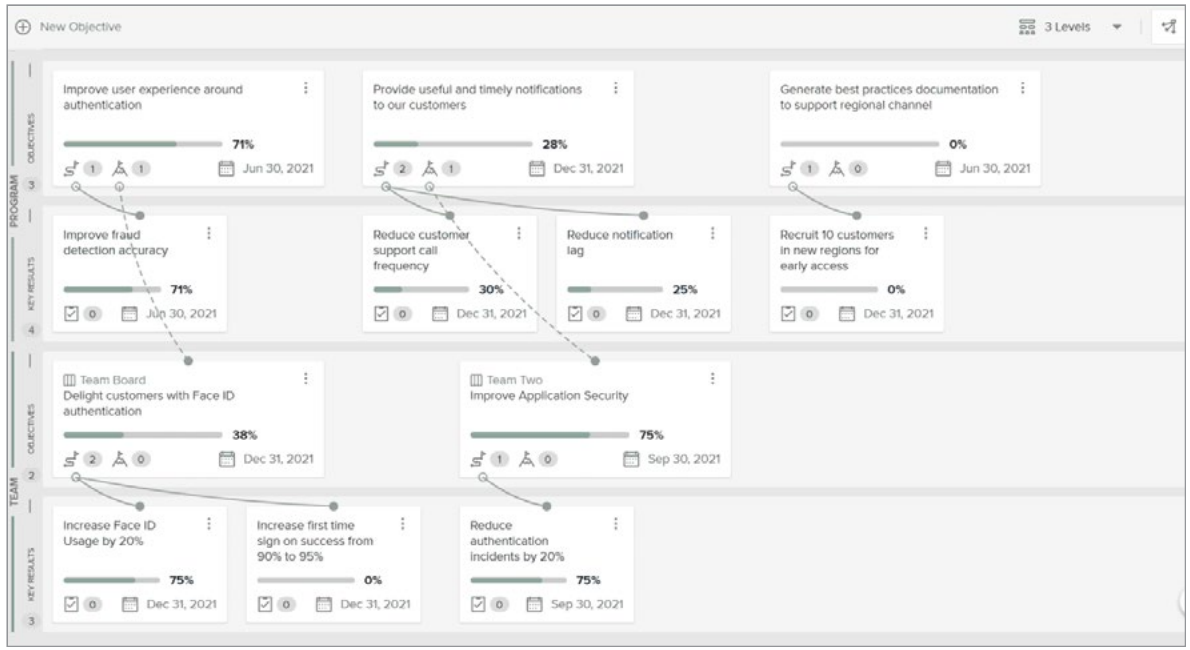
The goal is to provide enough context so shareholders from different departments can make informed decisions. That way, the organization gets a clear picture of how their portfolios are performing and whether they're aligning with the company's overarching strategy.

STEP 4: Focus on Outcomes and Benefits

Stay vigilant about doing portfolio planning based on achieving business results, not tactical outputs. Demonstrating value to executives and key stakeholders is an important aspect. This requires gaining access to the right information and determining how you will measure progress.

Leadership needs accurate, timely data captured from across the organization. This data may include status, costs, interdependencies, Key Performance Indicators (KPIs), risk, strategy, benefits, and forecasts.

Work with stakeholders to gain access to this data and decide what the KPIs should be. Leading indicators quickly alert strategic portfolio leaders to the need to pivot, adjust funding or capacity, or even put an initiative on pause.



A goal-oriented framework such as Objectives and Key Results (OKRs) can help EPMOs and strategy and transformation leaders maintain their focus on outcomes and benefits. OKRs enable departments across the organization to decide what they want to accomplish (Objectives) and how they will measure success (Key Results). The relevance is the outcome-based approach and ability to measure value across a portfolio of investments.

Finally, it's crucial to include all this data in one place to derive the analytics and make informed decisions. Executives and other stakeholders need high-level visibility to quickly identify and address any unforeseen risks and constraints that arise. This gives them the advanced foresight to see whether there's trouble ahead so they can adapt accordingly.

STEP 5: Conduct Quarterly Checkpoints

Quarterly checkpoints allow you to evaluate the results from the previous quarter, ensure deliverables are on target, make go/no-go decisions, and approve incremental funding. Since you are only funding the increment (as opposed to funding an entire year under the traditional method), continued funding is dependent on the results produced.

During these checkpoints, consider the following crucial questions…

- What do we know now and does this change the priority?
- Do we need more or less capacity to deliver the outcome?
- If results haven't been met, do we continue to fund the outcome or shift funding to another investment?

Adopting checkpoints as part of an adaptive funding process also supports the idea of moving towards continuous planning. Take a page from Agile and make time each quarter to reflect on how to connect work across your organization in a way that embraces agility – then make those changes.

Obstacles That Undermine Adaptive Portfolio Planning and the Transformation Journey

Pitfalls are bound to arise due to people, processes, and technologies. Organizations will have to overcome the following obstacles when undergoing a strategic transformation.

- **Ineffective technology:** Your technology and applications should account for teams and organizations that deliver work using mixed and/or hybrid methodologies. Outdated and disconnected tools like spreadsheets and traditional PPM software don't provide a complete picture that connects strategy to delivery and measures the value being delivered to the organization.
- **Cultural resistance:** Resistance to change is common, especially when you are asking people to alter or discard entrenched business orthodoxy and practices. That's why it's essential to gain top-down buy-in and explain to everyone why these changes matter to the organization.
- **Infrequent portfolio reviews:** Organizations that rarely perform portfolio reviews struggle to reassess performance and pivot when needed.
- **Hoarding data:** Collecting data for the sake of it and not knowing how it applies to current business operations or future needs often leads to data gaps that prevent transformational leaders from seeing the bigger picture and making informed decisions.
- **Existing processes:** Holding on to outdated, bureaucratic processes impedes progress. This is one of the biggest barriers to becoming more adaptive.
- **Siloed data:** Creating roadmaps in functional silos prevents stakeholders from getting a holistic view of the portfolios and programs within that department.

Minimize roadblocks with the help of an effective **strategic portfolio management solution that connects your strategic initiatives to portfolio funding and the value delivered within your organization.**

"Firms that embrace agility in planning are willing to accept change and recognize that there will be some initial dips in productivity before it becomes comfortable. By adopting the right level of discipline, adapting to improve, and measuring results, organizations will see behavior change."

Forrester: Strategic Portfolio Management Is Agile

Make the Shift and Become the Adaptive Enabler

Business today is a whirlwind causing transformations up, down, and across organizations. With adaptive portfolio planning, your enterprise can evolve alongside it.

Take these five steps to jump-start the journey and enable strategic portfolio management for your transformation. Move from a reactive, traditional function to a proactive, modern entity. Maximize the benefits of change and ensure that execution is always tied to strategy and outcomes. It's a shift worth making.

Become a strategic execution leader and learn how to be adaptive with confidence when disruptions and new opportunities arise. **Explore "The State of Strategy Execution: Embracing Uncertainty to Adapt at Speed" Benchmark Report.**

READY TO START YOUR TRANSFORMATION?

See how Planview® can help keep your investments and the value you deliver aligned with your strategic outcomes – **watch the Planview Strategic Portfolio Management on-demand demo**.

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Building the Future of Connected Work

Planview has one mission: to build the future of connected work. Our solutions enable organizations to connect the business from ideas to impact, empowering companies to accelerate the achievement of what matters most.

Planview's full spectrum of Portfolio Management and Work Management solutions create an organizational focus on the strategic outcomes that matter and empower teams to deliver their best work, no matter how they work. The comprehensive Planview platform and enterprise success model customers to deliver innovative, competitive products, services, and customer experiences.

Headquartered in Austin, Texas, with locations around the world, Planview has more than 1,000 employees supporting 4,000 customers and 2.4 million users worldwide.

For more information, visit www.planview.com.

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