accenture

APM Webinar: Steps to Increasing Organizational Adaptability

Video Transcript

Speakers:
John Rudd
Kat Conner
Evan Campbell
Tiffany Willis
Toni Klus
Troy Lightfoot
Blane Boynton
Aimee Palmer
Josh Fruit

John Rudd:

Hello, everybody and welcome to agile portfolio management, today's webinar. I'm very excited to have this group here. I'm thrilled for what we've got put together today. We have a couple of luminaries, we're going to talk a little bit about agile portfolio management, Kat Conner and Evan Campbell. They will introduce themselves in just a minute. We have this incredible panel who are going to be able to share with us some real-world stories about agile portfolio management, taking some of these tried-and-true practices and applying them in a real way and with some of the challenges and some of the successes that come along with that.

We've got a different group today. We got I think, a very good attendance. If you think about your organization, you've got your teams that are working reasonably well, scaling is starting to come into play, maybe you're addressing the dependencies. What's that next level? When we actually have organizational delivery that starts to come in on a consistent basis, what do we need to do to really start unlocking the value of having an agile organization?

We talk about this in a term called business agility, organizational responsiveness, really building continuous innovation as a core competency. One of the underpinnings of this, and it's really critical, becomes in the space of budgeting and portfolio. We're very excited again to have the group that we have and that will be the primary focus of the topic today. Evan and Kat recently produced a five-part video series that talks about some of the key concepts associated with agile portfolio management. All that information will be available if you haven't had a chance to tap into that series yet.

My background personally, is actually ex investment banker. I was CFO for a while before I got into the Agile space about 15, 16 years ago. I'm currently the global practice lead for business agility within Accenture and very excited about where we are right now in the world and how these agile practices are now starting to move into a new generation of governance around these things. It's going to be very exciting topic today as we go into these things.

If you have questions or anything you want to get in, there's a Q&A button. Go ahead and type those in. We'll try to get as many questions in as we can. Format for today, Evan and Kat are going to give a brief context. We have Evan Leghorn. Evan number two in the broadcast is going to pipe in for a brief video, and then we're going to get in the panel discussion. Without further ado, I'm going to hand it over to Kat and to Evan.

Kat Conner:

Hi, I'm Kat Conner and I'm a business agility innovator for Accenture | SolutionsIQ. I started off in portfolio management over 30 years ago, so long history in this particular space. I've pulled that experience through a lot of other experiences in my life and mainly around how to do transformation work for individuals, for leaders and for organizations to really take advantage of some of these concepts. Evan, would you like to introduce yourself?

Evan Campbell:

Hi, I'm Evan Campbell. I have a background as a CTO, VP of engineering, VP of products and a long

career in professional services as well. As of a few weeks ago, I was the Chief Technology Officer of SolutionsIQ and a managing director at Accenture, but I recently changed jobs and joined a company, software company called GTMHub, which is the leading OKR objectives and key results management platform.

As John said, we've done a five-part series that breaks down agile portfolio management into the key components that we manage. We talk about separating or divorcing supply from demand. We'll touch on those areas. Then the additional function of matching, the matching function of this finite or limited supply to the inevitably unlimited demand of the business units that are calling on delivery capacity for business initiatives. Governance investment portfolios is part of this matching and governance function.

I'll start by talking about a couple of the absolutely critical things. Each of our videos touches on these topics or these areas and a little more depth. But on the supply component, a couple of the crucial foundational things, I say foundational because if you don't have the supply side of this equation structured in a predictable, in control fashion, you really can't build or scale the demand side very efficiently.

We're trying to achieve organizational adaptability, responsiveness and flexibility, and a really solid supply foundation is essential to build upon that. Create dedicated persistent teams. A lot of organizations give lip service to this. They know they're supposed to, but they're used to

blowing up teams at the end of a project. They're shifting people around. They're slicing human beings, knowledge workers into fractional assignments to different pieces of work.

All of that's tremendously destructive of the value delivery and productivity of the team. It also makes the team extremely hard to forecast for future outcomes. We use a concept called return on team that's analogous to return on assets that reinforces the concept that the team is something to invest in, to build and reinforce, as the foundational element of your portfolio model. Kat, what's the next part?

Kat Conner:

Yeah, so flipping to the other side, equation on the demand side. Now there is a lot out there that we can talk about with demand that's pretty well not known. What's the scope of your demand, how you do prioritization techniques, the sizing of the demand. I really want to take some time today to focus on this webinar on how demand can really help businesses or the focus on demand can help business exploit and detect changes in the market and in their environments to be able to achieve our competitive fitness.

Now ultimately an organization is always changing based on learning driven by commitment on continuous improvement. But how does this relate to portfolio management? When we bring in an established new or we lean into existing portfolio practices in your organization, we're really looking at this structure, the practices, how the

demand and capacity of the portfolio is shaped. When we're creating that for organizations, we should always have an eye towards what's next to create greater adaptability for decision making in the flow of the work.

There's going to be natural constraints that every portfolio face. The constraints in their technology, in their finance systems and processes, their product dependencies, skill limitations, and even the state of their current delivery agility. But what I would like for us to do today is to challenge ourselves as an organization and as leaders for this change. How can we create portfolios that opens the door to become more flexible, to have greater degrees of freedom?

To do that, I think we need to have a hard look, hard conversation, and that's what I'm hoping for today, and our assumptions on how the workflows to meet current demand. How those teams are organized to leverage that flow and to be ruthless. Not ruthless in terms of... We hear the word ruthless prioritization when it comes to demand to be able to figure out the highest value thing that we want to invest in. But we also want to become ruthless and looking for the best configuration given those current constraints, and really challenging ourselves to push those boundaries to shift those constraints.

Now, I get often asked, is the portfolio even needed? My most common answer that I get is you only need a portfolio if you need to make trade off decisions against scarce resources. While that's true, I'm going to add

today that the nature of the portfolio, the decisions it makes, and therefore its underlying governance, shifts over time, and should shift over time to move decision making down closer to the value streams in teams.

This kind of thinking requires us to couple the adoption of portfolio management with some key transformation strategies to activate the promise that we're all talking about, the promise of creating a flexible and adaptive organization. I'm really hoping we'll go a little bit more deeply today into the idea of the kinds of portfolios that exist. How to shape those portfolios. The demand or the work and how the supply is aligned to those portfolios. Because I believe these are the key stepping stones to really create this greater degree of freedom that I'm talking about to be able to make good investment decisions.

I'm going to move into the matching side. Between... Once you understand supply, you understand demand, obviously you want to bring those together into the matching activities of a portfolio. If agile portfolio management is the means to create what we really want, an adaptive organization, then the matching of function is often the missing ingredient that I see. If we step into the matching function, in agile portfolio management, we start to introduce a new way of making decisions.

As Evan mentioned earlier, in a world where we have... Supply is unbounded that can support the demand of the organization and the matching conversations really doesn't have

a critical role, right? Yet, in today's world, we do have limited capital and people, so we have to make those tough decisions. Ones that are in the best interest of the entire organization. Stepping away from our personal interest, our individual functional view, maybe even in conflict with existing performance processes.

How we think about ownership of funding, how we think about ownership of demand, the things that we create, ownership of the capacity, our people and teams and our willingness to invite others to join us into these investment decisions will really enable or constrain our success in making fast and relevant decisions. I'm hoping that we can touch upon a few investment decision principles and our questions today. Evan, I'm going to turn it over to you for the last piece of the puzzle.

Evan Campbell:

Thanks. We often talk about shifting the way you think about funding to behave a little bit more like a venture capital firm. You're making smaller bets. They're contingent on measurable outcomes. You're taking great big initiatives or what used to be called projects that we're not going to do anymore, and We're breaking them into features or smaller measurable initiatives. That conditional funding continues over time, or we shift or terminate, and that's where the ruthlessness comes in.

We talked about how supply stabilization is the foundation of the whole thing. Before we ask the line of business to fundamentally change

the way that they plan, prioritize and fund initiatives on the demand side, obviously we need a governance process around that. But as soon as we start to make those changes, it's inevitable that agile adaptive portfolio management is going to start pushing up against the traditional finance funding, budgeting models of the enterprise. It's very predictable, because it's really hard to be an adaptable portfolio model when you've got really rigid, inflexible annual budgeting models that lock in funding initiatives way too early and are way too inflexible to allow for learning and competitive change.

This last element is lean finance. My good friend, Evan Leybourn, who's the CEO of the Business Agility Institute has a little video that he was kind enough to share with us. He's in Australia so he couldn't be with us in person because of time zones. But I'm in his annual survey from BAI, they show the three leading indicators of businesses achieving the strategic benefits from business agility.

One of the most important ones is lean funding models. This says the traditional budgeting should be broken apart from the aggregate of the three functions that it serves. Budgeting is for forecasting, setting targets or goals for the organization and people and for funding allocations of organizational resources, finance. These are separate functions that shouldn't use the same number.

Annual budgeting was always a terrible tool for achieving those three crucial corporate objectives. Let's set up

optimal processes to achieve each of those objectives in the most efficacious possible way. Also, let each of these processes and functions operate at their own planning horizon. Where did we decide that 12 months was the optimal planning horizon for every function for every organization? Of course 12 months... We were actually planning 14, 16 months in advance and then by the end of the year, we don't have enough look ahead. Annual budgeting is terrible for that.

What is the frequency that we revise or adapt our forecasts, our goals and our resource allocations? Those are the key foundations of lean finance.

John Rudd:

Okay, thank you very much. Thanks, Kat and Evan. What I really love about this topic and how it's been framed up is it's really quite simple. We're talking supply, demand, matching and funding. I think a lot of times when people run into this portfolio, budgeting area, they think that it's going to be very heavy, very thick, but a few simple principles in these areas as you guys have started outlining and, all of a sudden, a lot of clarity and you get value fairly quickly, thanks for that overview.

What we're going to do right now is, as Evan mentioned, Evan Leybourn, the CEO of the Business Agility Institute was kind enough to share a video with us which we're going to spend a couple minutes doing that and then we'll go right to our panel.

Evan Leybourn:

Good morning, good afternoon, or good evening, wherever you happen to be. It's a great pleasure to be virtually here with you for just a couple of minutes. Unfortunately, I can't be there in person because I believe it's about three o'clock in the morning for me right now. My name is Evan Leybourn. I am the CEO and Co-Founder of the Business Agility Institute. I am speaking to you from not so sunny Melbourne, land of great coffee, but terrible weather.

To get straight to the point, some of you might be familiar with the concept of the theory of Constraints. It's coming out of lean from a book called The Goal by Eliyahu Goldratt. The theory of constraints is very simple. It says that in any process, there is a constraint and that there will always be a constraint. With apologies to Eliyahu Goldratt, let's talk about Evans theory of agile constraints.

An organization can only be as agile as its least agile division and that's not software anymore. 30 years ago, it would take years to bring a technology product to market. It's natural that agile would emerge to solve that constraint. Once you solve one constraint, another emerges. In many organizations, operations became the new constraint.

Subsequently DevOps emerges to solve this new constraint. We have statistics about Amazon releasing every 11 point something seconds, we have the systems in place to release code really quickly, which is great, except that there is always a constraint. When you think of your organization as a system, a flow of value. Looking upstream, you have finance and HR and marketing and governance. If it takes you three months to hire the right person, or to get approval to hire the right person, you're not only 11 seconds agile, you're three-months agile.

If it takes you 18 months to get a budget change approved, you're not 11 seconds agile, you're 18-months agile. We know this from our research. The business agility report, which we produced last year, we're currently working on the one for 2020, we know that one of the key predictive indicators for business agility transformation success is to transform funding models. Transforming the finance division is one of the most important facets of organizational change. In fact, any agile change.

Let's bring this back to portfolio management. If you're in a situation, if you're in an organization where you've invested a lot of time, a lot of effort and money in capital A agile, you spent all that time. You've got DevOps, you've got these wonderful systems and tools, you've got your coaches, are you hitting diminishing returns? Should you be focusing on another part of the system, another part of the portfolio, the flow of the system?

Think about it from a governance perspectives. Are you working on the right things? Where is that constraint to agility? Now this amazing people on the panel here, I'm not going to steal their thunder and talk for too much longer. I just want to put this thought into your mind that agility, business agility more broadly and agile agility more

specifically, is a facet, an element of an entire organization. With that, I will pass you on to your wonderful panelists that you've got here tonight. Thank you, everyone.

John Rudd:

That's great. It's awesome to have Evan in here. An organization only as agile as its least agile part. I think that's one we can all take away with us. When we look at financial governance traditionally, how agile does that typically feel for us? It's a good way to set the tone. When I go forward here with some great stories, first one I ask the panel to do, if you wouldn't mind, is just doing a quick round robin introduction and then we'll get it kicked off.

Tiffany Willis:

Hey, everybody. Hey, John. Thanks. I'm happy to start. I'm Tiffany Willis. I'm the business agility practice development lead in the northeast for Accenture | SolutionsIQ. I love to be part of this discussion today because I really do believe that agile portfolio management is that key to achieving business agility within the organization. I'm absolutely thrilled today to be joined by Toni Klus, who led the Agile transformation at Jackson National Financial. Toni I'll let you introduce yourself.

Toni Klus:

Hi, I'm Toni Klus. I'm a vice president in IT at Jackson. As Tiffany said, we work together to get agile up and running at our organization. My group is mainly responsible for transformations, the governance, the risk, the audit, and now the portfolio management.

Troy Lightfoot:

All right, I can go next. My name is Troy, I work with SolutionsIQ - Accenture as well. I am a lean agile program and portfolio coach focusing on product management, scaling, and applying lean startup processes to enterprise portfolio management. For about a year or so I had the pleasure of working with my partner today. His name is Blane. Blane is the Senior Vice President at Gogo so I will turn it over to you, Blane.

Blane Boynton:

Thanks, Troy. Happy to be here today. My name is Blane Boynton as Troy mentioned. I'm looking after both the marketing and product management teams at Gogo. We did about a one-year transformation and we're still transforming. I am one of the chairs and founding members of our Lean Portfolio Management Group at Gogo. We've had some amazing transformation as we've implemented some of these tools and so I'm excited to come and share some of our story with you today.

Aimee Palmer:

Hi, everybody, my name is Aimee Palmer, and I am also with Accenture | SolutionsIQ. I'm a business agility lead in our North America practice. I'm really excited to be here today to talk with you guys. I have a long history as a leader in technology organizations and had the fortune of joining Accenture a couple years ago to help other companies do what I've seen work so successfully. Happy to be here and talk

about it today.

Josh Fruit:

Hey, everybody, good afternoon. I'm Josh Fruit. I'm with Accenture | SolutionsIQ as well. I lead our business agility practice development in the south, hailing from Tallahassee, Florida. My background's in IT software development and IT management. I've spent about the last seven or eight years in professional services, working in the fortune 100 with leadership teams, helping them scale very large transformations.

John Rudd:

Thank you all, appreciate you all being here. Let's do this. Let's go ahead. Tiffany and Toni, would you guys mind kicking it off for us? Tell us a little bit about what was happening over at Jackson National?

Tiffany Willis:

Sure. Toni, why don't I give a little context and then you share the experience you guys had and some of the things that you think are real key takeaways and learnings.

Toni Klus:

Okay.

Tiffany Willis:

As I recall, we started working together... Jackson had 14 portfolios at the time. I think they largely represented lines of business and other significant areas of investment. Each portfolio of course, had its own prioritization. So there were multiple

number ones, multiple number twos, multiple number threes throughout the organization. At the same time, delivery was dependent on the same people in teams.

The results, right, we've all seen that story before. There were high levels of work in progress. Anytime there was a new demand, whether it be from the market or a new customer, or there was a challenge, it resulted in these rippling effects throughout the organization. I think today you guys have... I'm so proud of this organization because today you truly are building business agility capabilities. I think what you guys have done has just been an incredible story to share.

Toni Klus:

Yeah, thanks, Tiffany. When you came, we did have the 14 different portfolios, and they were not very equitable, kind of what you historically received as a proportion of IT services was exactly what you got for the next year. It was fairly inflexible. Now that we've started using this portfolio management, we've consolidated down to one Jackson portfolio. Our users have really started to understand...

Not to use taglines but the business agility that that creates. One portfolio could have been a fairly shallow portfolio. All of its ideas may have been amazing and better than any other area. But those would sometimes get lost in the smaller allocation that they had. In today's world, let's say there were five items that they wanted to get done. In today's world, those five items could all get done instead of that

group having to wait until the very end of the year to get everything that they asked for. Really created that business agility and allowed us to look at our prioritization across the organization and have conversations in a way that we've never had.

I've been at Jackson for 25 years and spent most of that in IT. From that perspective, the tradeoffs that we're able to make quickly through the lean Portfolio Management Group has been something that I've never witnessed. The conversations and the collaboration and the reuse of an idea across a portfolio. Again, just coming from IT, I can appreciate that from my perspective of those competing resources and understanding now we have a true clear priority.

Tiffany Willis:

So Toni, when we talked about what's happening in Jackson before, what I was imagining was you're creating a portfolio that I would call more enterprise portfolio since it's going across multiple lines of businesses. I just wanted to call that out because we talked about how do you shape the portfolio, what matters most, the decisions that are made at the different levels of portfolio. What you're doing right now is bringing all the demand from across the organization together to make it visible. It makes it easier to make those trade off decisions.

I'm curious what other things that you found that was really necessary to ease the way to make these trade off decisions in this one Jackson portfolio.

Toni Klus:

What's made it a little bit easier? We started with one art. Essentially it brought in probably a third of all of our business into the view of the portfolio management structure. We're in the process of setting up our next art. We're going into PI four in August and then PI one for the next art. As more work is starting to come into the organization, into that LPM organization, this is where it's getting really fun for somebody like me to see those conversations happening.

I just recently had a conversation where somebody said, "How come I can't get this done?" It was kind of back to our old mindset of "How come IT can't get this thing done for me?" We were able to flip it back around and ask them did you talk to your program manager? Did you talk to your product owners, did you talk to all of these great business resources that we have embedded in this? Did you talk to them and ask them why they haven't prioritized the hire? You get crickets now. We get crickets when we do that.

Then the light goes on like, oh yeah. We own this. Now it's not really even IT having to make those tradeoffs. It's great to see our business actually making those tradeoffs and giving us some clear direction and roadmaps of what it is they want to get done.

Tiffany Willis:

What I'm hearing there is a really important piece of if you're starting off with a traditional IT led portfolio, which is often the case when organizations start down this path, what I'm hearing

is you're bringing the business into the part of the portfolio. They're part of the conversation, they actually are making those trade off decisions.

Toni Klus:

That's absolutely right.

Tiffany Willis:

It's a big piece.

Toni Klus:

Yeah, our lean portfolio management team has one representative for IT on it and five representatives from our various business units.

Evan Campbell:

What you're illustrating nicely Toni, is the power of stabilizing that delivery organization. When you move to creating feature teams organized around products or potentially value streams. You start to have some delivery groups that really own a set of products that have a line of business. A sponsor or owner who has some captive capacity, that's really his or hers instead of everything being in conflict across everybody.

Those are all powerful. Then ultimately fixing the excess whip and getting to a pull model and measuring the throughput of the organization with hard statistics, that gives you math to come back. Not opinions, but math that says this is the capacity of the organization, stop pushing excess work into it and this is the forecast that's produced from this hard statistical history.

Toni Klus:

Yeah, I'm glad you said that Evan. As our PI's have gotten a little more mature, we're really going into our fourth one, so there's still room to improve. We had conversations where the teams have looked at what's in the backlog and said, we don't have capacity to pull anything else in because we haven't finished these other epics. For the first time, again, 25 years at Jackson, for first time I'm seeing our business units look at things that are in the pipe and figuring out, okay what do we need to push out and put down so that we can pull in some of those more important things? As an IT person, yeah exactly.

John Rudd:

Okay. Well, yeah. On that very high success note. I want to segue a little bit, but I think what this starts to speak to is that cultural change that comes along with it. The collaboration communication. Troy and Blane, Gogo some interesting things going on there.

Troy Lightfoot:

Yes, so I'll start it off. I worked with Blane for... I said roughly, I don't know exactly. 12 months or so. 12, 13 months. We had a scaling initiative as well as an agile portfolio management initiative as well and Blane was a leader on that portfolio management team. Some of the things we worked on were getting alignment between different parts of the organization. Very similar to what Toni just mentioned. The creation of strategic themes from the enterprise and applying that and combining that with hypothesis driven development.

Applying a Lean Startup type of process for the enterprise at an initiative level and then using that data to help us make future decisions instead of assuming that we're right about everything. In fact, we have to either prove we're right or invalidate our own assumptions. Just applying that process and trying to bake that into the culture is something that we've been working on.

From a process perspective, I'm hearing talks about limiting whip. One of the first things we did there was visualize all the whip across the organization. Put that on some portfolio, combine and then start to figure out what is our actual whip and why is it taking so long to get things out the door to actually realize value or to be able to test our hypotheses. In focusing on the flow of value through a system by measuring things like throughput and cycle time and lead time and really applying that lean and systems thinking to that?

We didn't so much call it fear of constraints, but we were very much using that way of working at a portfolio level. Last but not least, is really delivering small increments of work in an incremental and iterative fashion, to be able to measure our bigger ideas and figure out where to go next. It was awesome. Just as a side note, I don't even know if Blane knows I was going to say this, but a few months after I left, I looked at an earnings... I listened to an earnings call actually and I heard a one of the strategic themes that a year prior I heard a portfolio management team talking about, actually was achieved in this earnings call.

I thought that that was really cool, and there was one more thing also that I heard about was a hypothesis test that they're running for a potential business model change. I don't want to get into all the details. I'll leave it to Blane but hopefully that's a little primer. Blane why don't you take it away.

Blane Boynton:

Sure. So I'll talk about a couple things. Maybe give a couple examples that Troy mentioned. One of the things I keep working with my folks on and working with the organization on is this concept of business agility. Half the room rolls their eyes when you say that, and the other half, once they've seen it, and they get, they shake their head and they say, yes.

I remind my folks that we have a principle that we welcome changing requirements. We welcome them no matter when they come because doing the wrong work is more destructive than almost anything in the world. Being agile means being able to do the right work and doing it gracefully so that when a change comes, we can take it, we can, we can deal with it and we can move on.

That required us to catalog all the work that we had out there. I remember when Troy and I started our journey together, there was this giant list of 600 projects that were active. It took a long time for us to pare that down. We had to refine it, we had to make that less visible. We had to refine it down. Then we had to get the LPM group. I was pleased to hear Tony's discussion about LPM being... It's more than just IT.

I'm looking after the product team, my colleague and my partner in account management, he is a standing member of our LPM team.

Our leader of the PMO... Our president of the division actually sits on LPM, is how important it's become. Many of those folks they participate to listen, and they participate to learn, instead of necessarily being the decision makers. They've allowed those of us closer to the work to do that. The way that we got there is we changed the language a little bit. Instead of talking about customer A wanting this, and customer B wanting that, we aligned around a set of strategic themes, a set of outcomes that we wanted for the business and some of the product management team to align the outcomes with the market and with things we could get paid for.

We were able to put all that together. By getting LPM aligned on outcomes, we have very different discussions. Instead of picking between Bob getting this much velocity and Jim getting that much velocity, everybody on LPM and everybody on our senior leadership team, they know what the outcomes are that we might accomplish. I tell my team it's about giving optionality. It's we could do this and achieve this outcome, or we could do that and achieve some other outcome.

We've implemented cost to delay at the epic level, which is great. As we went into the... I call it the COVID reality, we actually sat down as an LPN on the Friday before the stay-at-home order in Chicago. We had an emergency LPM meeting. We said, hey, what happens

if we get sent home for a long time? What happens if air traffic goes to near zero for many months? We scenario that out in an afternoon and I got to tell you, that's probably the most useful afternoon I've spent in the last nine months.

It absolutely helped us to understand macro changes at the outcome level in business value and time criticality. We were able to pivot and adjust and stay ahead of what is continuing to be a pretty nasty situation in air travel. We've been able to pivot, keep our teams busy and do the right work. I wanted to mention the hypothesis driven approach. I'm sure if I was with the audience here, I would ask you to raise your hand if you flown and used Gogo. Everyone's got a story. Some of them are good. Some of them are not. Yeah, thanks, John.

We had a hypothesis that Gogo... That it wasn't easy enough to connect. That was our hypothesis. Sounds like a fisher price hypothesis. We started with that. We said, what if it isn't easy enough to connect? All due love to our engineers, they're like oh, it's fine. Well, turns out, it could be easier to connect. We launched this initiative called the first 15 seconds. We said, "What if within 15 seconds, everyone had to get online, and it was just easy and it just worked?"

We launched this initiative. We went and characterized the behaviors that people undertook in the first 15 seconds. We wrapped metrics around the success and the funnel of those. We used it to inform the next couple set of epics that we would undertake. First, we realized that it wasn't as easy

as it maybe could be. Then we decided we needed a way to get people pulled onto the network.

Troy was mentioning the earnings call, we invested a lot of money in this thing called captive portal. That's where you walk in a coffee shop and it says, hey, there's networks here do you want to join it? That's really easy to use when connectivity is on. But in an airplane when connectivity is not always on, that's really complicated. We had to go and make that work. As we've gone through that, we've seen lifts in engagement rate. We've seen lifts in our take rate across all of the aircraft that are equipped.

We've then used that to inform our later epics. Delta Airlines has been very vocal in the news about free Wi-Fi. I think everyone's seen it. We use the first 15 seconds, and we use captive portal to get the underlying technological foundations sufficient to handle free. We use that learning process, we learn that lean startup approach to say, we only know what we can see. We've taken a very empirical approach to things. We've used that to inform our roadmap.

Now, what's emerging is a focus on what we call seamless login. This whole journey came about because we've taken this very structured, very hypothesis driven approach to product management. Then we've tried to end it together with the needs of the market and ways we can get paid. It's all coming together in a cool way. I think that you all will see emerging from COVID a very different inflight internet experience and one that will

be hopefully much easier to use. If not, many of you have my email address now. You can come knock on my door.

Kat Conner:

Yeah, Blane, I'm hearing a ton of good stories.

Evan Campbell:

That's a great story. I have a couple threads that I'm picking up from it that are really powerful. The first one is that you moved as an organization, including a shift in leadership styles and culture to a theory driven decision-making process, where instead of people arguing about opinions, it's culturally expected throughout the organization that we prove through an experiment that our hypothesis is true before we invest in it.

Then the other piece that aligns really closely with that is alignment. I hear you saying that the CEO is talking about a strategic initiative that's driving the top-level strategy of the business, that the teams at the bottom of the organization are executing experiments and tests on with real customers and critical partners to the business. That speaks really well to what is often a huge gap that impacts portfolio and strategy. A gap between strategy and execution.

It sounds like you've made big steps in aligning strategy and execution towards strategic objectives. Can you talk a little more about how you did that?

Blane Boynton:

Yeah, in order to get there, we had

to get out of what I've come to call the feature factory. When people just see features flying by and they don't understand the bigger picture. Features are a means to an end. Features are... They produce outcomes. Outcomes are how you make money. Outcomes are how you change the business, how you influence your cost to serve or drive adoption, whatever it is, once we were able to move out of the feature factory, we proved to the leadership that you didn't really need to be concerned so much about the features, you just need to make sure we clearly understood the outcome that you're after.

We were able to make that transformation and a whole dialogue and LPM changed. It was like show me your feature priority list and we wanted to talk through the top 10 in bleeding detail. Now it's like show me the epics, show me the epic, we're going to undertake this next PI. Tell me the difference between this one and that one and why did you score the business value of epic A this way and epic B that way.

I'm channeling my inner Reinertsen but we're striving to get to an economic model for cost of delay. That's really hard, but we're going to get there or I'm going to die trying. Once we get there and we're getting really close. It's really powerful because you just... You don't have to have these hippo conversations. The only thing worse than one hippo is a herd of hippos. We have a gaggle of hippos. We've really come a long way. We're really having different dialogues with lots of optionality and lots of non-emotional conversations. Just trading we could

do this or that for the business and the return associated with is A or B.

It really helps to have... You have a much better quality of life I would say, and you do more of the right stuff. Kat, I think you had a question.

Kat Conner:

Yeah, I also want to point out the thing that I'm really excited about because I started off my career as a product manager. When I hear things like cost to delay and taking an economic look to drive optionality and blending that now with portfolio investment decision making, I'm hearing real options approaches. Really being able to find a way, at what point what is the last responsible moment that you're going to be making these decisions based on data, small bets, hypothesis, cost of delay, all the really core product management techniques that inform when, if and how you make those investment decisions.

Again, I think that... I want to call that out because when I help clients set up governance models or portfolio, it's really more the people practices and processes of how to understand the work. It seems to be a critical element of missing the product management aspects that inform and drive those decisions. I want to make a big shout out to that piece that you brought into it.

John Rudd:

The other thing I think it's super powerful. You talked about an example when everything started to slow down, the ability to pull the teams together,

pull the group together in an afternoon pivot. You think of our old world in which that budget is already baked for an entire year, what the process would have been to make that change. I think those were the examples of what would we have done if we hadn't had this lineup so that's awesome.

I'm going to shift here for a minute. Aimee, would you mind jumping in here? I know you've got some interesting stories with some of the client work that you've done in these areas. Be great if you could share some?

Aimee Palmer:

Yeah, definitely. I'm working with a client right now that embarked on a transformation journey to bring agility into his operating model. As part of that transformation, they created a value realization work stream to focus on demonstrating to the business the value of IT investments. This work stream had two goals, having a value realization framework to inform their investment prioritization with the business and for the delivery teams to consistently report that value back in so that they can make good decisions from it.

While it's an IT lead portfolio, they really were and are focused on shared accountability of value demonstration between business and IT. The engagement was based in a standard value driver KPI model, but we spent a lot of time looking at KPIs compared to the Agile industry OKR model. Kat really helped us think through that a lot.

The conversations were always about how do we inject agility into a more traditional metric framework? We talked about top line metrics of revenue, increased cost reduction, etc. But they're more static, whereas goals should be more ambitious and hypothesis driven. A lot of the things that we've heard these others tell stories about. Those metrics should be in the context of the work. Now we've moved to linking value drivers and KPIs to the epics and features of the transformation pilots using Jira Align. It's a really... They're just getting started, but they're really kicking it off right and doing some exciting things. Kat talked about-

Kat Conner:

Yeah, we did. We talked a lot about how it's not just the metric, it's the intent and the application of the metric that's really important. KPI, OKRS, balanced scorecard doesn't really matter. What really matters in agility is you have more of a small bet hypothesis approach. You have a way to reflect the right kind of metric and context to the work that's being done, the product that's being done. Then you have a way to line it up and point to the North Star of the performance metrics of the organization.

I mean, teams want to know that they're doing the right thing and providing value. Leaders want to know that the teams are actually meeting their corporate goals. You need to have a way to create that alignment. You and I talked a lot about how to do that. We talked a lot about how to figure out the value streams and the small bits

of work in lining up these metrics in relationship to that. What else can you think of that would be important to share?

Aimee Palmer:

I think another key insight of the work was and is that to truly operationalize the framework, we need to spend a lot of time working at that team level to help them use the framework to visualize the value they bring. A lot of what we were just talking about here. How do you know that that thing that you're working on is going to demonstrate the value that we're looking to bring, and on top of that, this linkage with Jira Align and do an automated reporting so that that data is available when the decisions need to be made. That's been another key focus area for us as we move forward with the client.

Kat Conner:

Evan, I want to pull you in here as well, because I know you and I've had conversations around how this ties to the whole notion of performance metrics in the beyond budgeting space or funding space. The whole idea of breaking this cascading top-down metrics model, breaking the inflexibility of a point metric that's going to be used in perpetuity. What we're talking about here is yes, you need line of sight to the bigger organizational performance metrics, but create the adaptability, the flexibility to select the right metrics that will help you get there in relationship to the work that you're doing.

Evan Campbell:

Right on Kat. Yeah, I become very passionate about strategy execution and strategic alignment of the work throughout the entire organization. There's some great work by Gary Hamel, Steve Denning and others that really talks about the imperative of de-bureaucratization as a component of organizations achieving business agility and adaptability.

As you alluded, better budgeting, or better funding models that get away from traditional annual budgeting, this whole goal setting piece is a key part of where objectives and key results have come into play. We're enormously successful in influencing the growth and effectiveness of Google. The Gates Foundation uses them.

If you haven't read Measure What Matters. It was a number one business book in 2018. He calls out the OKR superpowers as being alignment, empowerment, focus, innovation, flexibility. By pushing empowerment and delegation out to the periphery of the organization with people who are closer to customers, and closer to the essential business functions that really matter, and stripping out many of the layers of communication and direction that interfere with learning, the velocity of learning through the organization and the empowerment of people to make good decisions faster, you actually become a more adaptable business.

OKRs help you do that in a way where these people at the periphery of the organization really understand how their contribution advances a

strategic objective and helps them make good decisions so they're not out of alignment and then measures the results.

Toni Klus:

I would just add that the OKRs have been where we've been able to bring everybody together and understanding. By doing those strategic themes, by X we mean this thing which is represented within the OKRs. That's been the Rosetta Stone for our business, our teams, everybody come together on what those strategic themes actually mean.

Evan Campbell:

That's great Toni. Thank you.

Kat Conner:

Toni, I recall, there was sort of this mantra with Jackson of switching from being a know-it-all organization to a learn it all organization. That whole transition from... You guys actually transitioned from KPIs to OKRs but did it as an organization to make sure that you actually did align strategy to delivery and could learn. Are we delivering what we thought we would deliver? Is it valuable? Did our metrics what we thought meant value? Do they really mean value? What did we learn and how can we use that next time? Those are the learn it all organization.

Toni Klus:

Full disclosure, we're still learning about OKRs and how to really use them, but it's clear when we have those conversations that it creates clarity

for everybody to understand what it is we're actually driving to.

John Rudd:

Yeah, I think and that's maybe the key here, is clarity. If we're moving to a world where we want to empower, where we want to foster teams, and we want high performing teams, there needs to be clarity around vision, where we're going so that there's... If we don't have the old 3500-page spec document for which we will be relying on what to do, we need to have a clear north star's where the organization is going and how what we're doing fits into it.

That's actually great putting those together. Josh, my fellow Floridian, would you mind jumping in and sharing something you've got?

Josh Fruit:

Yeah, absolutely. Thanks, John.

This engagement was with a Fortune 100 company who was a few years into their agile transformation journey. They had launched quite a few agile programs in Teams. They had a lot of scaling that had begun. Yet they had some persistent challenges many of which you've already heard here in the other stories today completely unconstrained demand. Ever growing work in process.

Those were having real and significant business impacts for them, most notably, their average lead time to get new capabilities out in the market was continuing to grow. It was running about 18 months or longer when we began to work with them. This resulted

in them not being able to deliver on their tautness strategies at the pace that the market and customers were expecting.

A couple of the contributors to that. As I mentioned, they had begun scaling with agile but that was really more in the delivery space. The strategy and portfolio space was still very traditional in how it was structured and how it was operating. They had a traditional IT demand management approach. IT and the portfolio. The business didn't understand capacity or supply and just constantly was throwing new demand at IT.

In their own words, interestingly enough, they had some great self-awareness. They said, we've never met a bad idea. Every idea that was served up was basically rubber stamped approved, and worse, it was injected. What Evan was talking about a little bit earlier in the call, pushed into those agile teams regardless of their current commitments, regardless of their whip levels.

Also exacerbating that was that IT portfolio that was at the top of the organization wasn't really the only way for demand and new ideas to be approved. There were multiple project approval bodies and steering committees throughout both the business and IT organizations at multiple levels of the organization. New ideas could come to any one of those bodies and get approved and injected into the agile teams.

This was really turning into a bit of a runaway train situation, in terms of their average lead time inability to

get new features and capabilities out to market. Obviously, the good part is they had self-awareness about it as I mentioned. They knew that they needed a more agile and adaptive solution at that portfolio layer of the organization to really better align with the speed at which the delivery teams were able to move, if only focus could be established for them.

That's the background. Obviously did quite a bit of work to solve this. I'll maybe touch on a few of the high notes here and then Evan we can unpack some of them a little further. One of the first steps that we took, I believe we heard from one of the other stories earlier was there wasn't even visibility to all the inflight work in demand in the organization.

Especially at the highest levels of the org, there wasn't visibility or clarity as to where capacity and supply was being allocated. We just inventoried all of that and made it visible in one place to enable the leadership to first just stop work that was not high value to the company in the organization. Those are some critical early decisions to be able to reallocate the limited supply and capacity to the more high value strategic initiatives of the business.

Just to really put a fine point on that. There were teams working on ideas that had a $2 million ROI estimated. There were strategic initiatives in the company that had hundred-million-dollar ROI estimates tagged to them that we're being starved of capacity. It was critical that we brought line of sight to all of that work to be able to very quickly stop the low value work

and reallocate that supply.

One of the other key themes and next steps is we needed an agile approach at that portfolio level that was connected to those delivery teams so that we could have clear line of sight and understanding for how work moved from strategy to execution and so that we could lean out the approaches that were being taken to review and approve new ideas.

From a portfolio level and then a program level, those are really the two main areas where you could review and approve new ideas, strategic ideas obviously at the top of the company and then more local enhancement type of ideas at that program level. We also transition ownership of that portfolio from IT to the business, which really shifted a lot of the culture and the behaviors and habits. Because now the business had to really own and understand the impacts of the decisions that they're making around prioritization and funding right.

Then lastly, we introduced new concepts at that portfolio level for how to define and break down large initiatives into smaller batches of work that can be delivered earlier. One of the critical first successes they had, it was their number one strategic initiative for the company, it was going to fundamentally alter and improve for the better their core business offering. It was estimated to be a three-year effort.

The executive said, we've got to get to market in a year. So we worked with architects in the business and the IT side and with various subject matter experts to break that big initiative

down into smaller batches of work. We delivered to one region in the US and the first MVP in nine months. Very interestingly, they both validated some of their ideas around the solution approach and invalidated others.

That allowed them to then pivot and prepare better to scale out across all of North America that new solution over the next year following some... Just one of the many other successes.

Evan Campbell:

That's really amazing. You touched on so much. You painted a whole mural of the evolution over time and the progress and maturity of a real enterprise portfolio management process. Before Kat jumps in because I know she's got some things too, but I just want to touch on a couple things. In SolutionsIQ's portfolio management methodology, there are five simple rules of portfolio management.

I won't get into all of them because we have lots of other videos that get into that, but I just want to point to two of them that you call that specifically, each delivery or capacity function or delivery pool must have one and only one source of intake. Every item in the queue for work are in the backlog for work at the portfolio level has to be stack ranked against each other.

There could be no two items with the same prioritization. Those were both very powerful points that you illustrated really well.

Kat Conner:

Yeah, I won't go back over everything you said Josh because you articulated

it well, but I know this client and I know this story and I also know that you did a pretty hefty change strategy in relationship to this because this required a huge cultural change to shift from IT to business, to have the business owning their teams, to breaking work down, to sharing across multiple operating companies. It's a big, big change strategy that I'm curious if you can just say a couple words of what you did because I know there's a lot there that we could offer to this audience.

Josh Fruit:

Yeah, there is. Very fortunately, in working with this client, they had some executive sponsors out of the gate that instinctually sensed what was wrong, but just needed that guidance or how to get there. We did have a few sponsors, CIO and a couple of business SVPs that were supporting it. But we had to really align the rest of the C-suite and their leadership on business, and IT side to allow these new concepts.

It was about a year long journey to actually do that. We actually took a bit of an agile approach to that change management and transformation in that we didn't try to design the entire future state solution and then roll it all out once it was designed on paper. We met with the C-suite on actually a monthly basis as we begin crafting component number one of the new process, so to speak, or this is what it's going to look like to shift ownership of the portfolio from the IT to the business. We're going to need this new function in the business, these new

roles, responsibilities.

It's kind of incremental education and change management over the course of the year as we steadily rolled out more aspects of that process.

Kat Conner:

Yeah, and I know that where you are right now, this client they're getting super excited to bring their finance folks into the picture which we started this whole thing off by saying, if you don't have finance, it's hard to really do business agility. I'm thrilled to see where that's going to go.

Josh Fruit:

Indeed. Yeah, they are at that next big milestone in the journey to address the funding components and it's going to be very exciting to see what that unlocks for them.

Kat Conner:

Yep.

John Rudd:

I think people are out there it's that where's your sponsorship if you're interested in doing this? If you're in IT, where's the sponsorship in the organization for getting this done? To the extent that it is maintaining IT, what's the process for collaboration and building energy around moving in these directions? That's great.

The other thing I think it's really interesting with this story, Josh, is there's that old concept that supply's unlimited, right? It's just $1 number. I love your... We've got one project that could return 100 million, another

project or another flow that can return 2 million. They're in different because they're simply dollars to invest in reality. No evident cap, what do we know about capacity and the fungibility and being able to expand or organize.

Kat Conner:

Near term capacity is fixed. It's one of the other simple rules.

Evan Campbell:

It's one of our five rules.

John Rudd:

I may have been throwing a softball there. This has been a great discussion, got a couple of questions I'd to get going. Thank you, folks, out there that have been throwing some questions in here. Somebody said, "Hey, we've got technical debt. How does addressing technical debt and the portfolio and the priorities, how do all those things work together?"

Evan Campbell:

Technical debt is a universal problem with large enterprises. We built it up as a consequence of de-leveraging the intellectual capital of our development organizations where over years a lot of corporate IT organizations were only measuring utilization and unit cost. It's a great illustration of optimizing for the wrong metrics. You end up with a lot of really cheap busy people, but they don't really deliver much.

It's a vicious circle because as you move down that path, you're having to feed more and more detailed requirements, almost treating them

as hands on a keyboard without much of a brain attached. After a while, our technology delivery organization is a pretty dumb function. Really to be effective, to be high performing, to be productive, to be innovative, to be responsive, to feed good ideas back into the product organization, we need to reverse this trend.

But the problem of projects, the lack of a sense of ownership of an asset that you're going to live in and with for years, a lack of a sense of craftsmanship in software development, all these things built up an enormous reservoir of technical debt. If I'm staring at a 500-line, method of spaghetti code and I know I'm going to be off this project in six weeks, am I going to fix it or I'm going to plug another few lines of spaghetti into a hack and run away and hope I never see it again.

How do we pay this down? Well, it's a tax on productivity that is lasting. It takes leadership vision and effective quality assurance, real QA, not testers, QA. As in building quality into the asset in the process so the defects cannot be introduced. To pay this down over time or make intelligent decisions about sun setting some of the less strategic assets that aren't worth retrofitting. But that's what we do.

We come up with a policy that we build into the definition of done, we observe the actual velocity and throughput of this delivery function. Over time as the technical debt is remediated, we see those improve. It's hard, it's painful. There's no easy answers. It's just getting yourself out of debt when you

have too many credit card bills.

John Rudd:

Yeah, it's interesting. In some respects, you can almost view it as an investment and a return for doing that work as well. I've got one for you Blane, a question. What is the difference between outcome and feature in your mind? A great example there.

Blane Boynton:

We look at outcome as primarily movement of business, let's call them KPIs or metrics. When we wrap an outcome around something, we're going to grade that outcome. We're going to say, "We're going to drive take rate by two tenths of a percent. We're going to increase average revenue per aircraft by $100,000 a year." It's some sort of... At the end of the day, bottom line business metric that's going to move.

Perhaps I have the wrong implementation, but that's how I've driven it with my team. When we say outcome, I say you come tell me what you're going to do for the business. Which metric is it? Why does it matter and how far are you going to move it by when? That's an outcome. The features are how you get there, is how we look at it. You might be able to move an outcome with one feature, that's a grand slam. I don't see that a lot.

But usually it's a basket of features or it's at a minimum, an MVP or an MMP, whatever you want to call it, that you need in order to move one or a few outcomes. Move one or a few metrics in order to achieve the outcome. We had... Troy talked about strategic themes. We had one around preserving our average revenue per aircraft. We have all of these acronyms in aerospace.

We had one around... We're just talking about technical debt. We have a portfolio level enabler around CICD and test automation. That's what it took to pay down the debt. We have outcomes associated with it. We have first pass yield, we have some shift-left metrics. We have defect discovery horizons that we implemented. These are the things that were necessary to pay down, to be honest with you, 14 years of debt. If you don't pay your mortgage for 14 years, you're lucky if you're still in your house.

John Rudd:

All right, awesome. Well, I think unfortunately we're going to have to wrap up here. A very lively discussion. Thanks for everybody's contribution today. I'll give a quick last word to Kat and Evan before we officially sign off here. Anything you'd like to share with the group?

Kat Conner:

Gosh, there's so much that was said here. I'm trying to think what would be most important. Be courageous and build your portfolio for where you want to be not for where you are today.

Evan Campbell:

That's a great answer. I can't beat that Kat. It's been a lot of fun. I want to say thank you to our panelists. What an amazing group of wonderful people. You added so much to this. Made it

so much better than just if it was us consulting so thank you.

John Rudd:

Yeah, that's great. Well, thanks for everybody that tuned in today, everybody that was able to contribute. For those of you that put questions in, hopefully we can get some portion of this group together again and go even deeper into some of these areas. For those of you that are sitting back a little overwhelmed, in an organization we say how we ever get this done? Incrementally. That's how we get everything done in the Agile space.

With that note, I'm going to say, thanks again. Appreciate everybody's time. Have a wonderful rest of your week.

Like I said, we'll be sharing information to the extent you want more, and we'll let you know the next time we can get a distinguished group like this together again for such a riveting discussion. Thanks all.

Blane Boynton:

Thank you.

Kat Conner:

Bye.