

MANAGING PORTFOLIOS, ROADMAPS AND EXPECTATIONS

Delivering Value

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Today

Purpose:

- Provide Product Management practitioners with a strategic framework and set of tools to assist with **simple** and **effective** prioritization decisions.

Expected Outcomes:

- Basic understanding of the **prioritization framework**
- **Just in-time tools** to help with real-world product management challenges
- Focus on delivering **value**

Agenda

I. Prioritization

- Typical Questions
- Delivering Value

II. Portfolios & Roadmaps

- Portfolio Management
- Be able to assess and prioritize projects

III. Managing Value

- Be able to identify the valuable strategic projects

I. PRIORITIZATION

Prioritization Questions

Typical questions:

- **What** are the **top priorities**?
- **Who** **made that** a priority? And Why?
- **Where** does **my request** fit in with / stack up against the priorities?
- **Why** are you working on that? **And, not this**?
- **When** do **I get a say / vote** in the decision making process?

Prioritization Effectiveness

1. **Accept that stakeholders will give you solutions**

- TIP: Ask for ideas and examples of who solves a particular need well

2. **Align customer needs to business drivers**

- TIP: If you can talk business, you will win over stakeholders with your products

3. **Instead of taking orders, direct them!**

- TIP: Insert the Product Management function into Business Planning

4. **Focus on the value being delivered**

- TIP: Flip the conversation to the value being delivered from what isn't being delivered

II. PORTFOLIOS & ROADMAPS

Portfolio Management

A dynamic decision making process used to assess **strategic alignment** and **relative prioritization** of a business' collective project list.

Why Use Portfolio Management?

Not all projects are created equal:

- Some align better with **business objectives**
- Some provide higher **return on investment**
- Some diminish in **value over time**
- Some carry a **higher level of risk**

There are always more project ideas than resources to implement them:

- Need to balance project ideas with available resources and capabilities

Teams must be able to evaluate the value of the investment:

- Provides a systematic way to evaluate projects and reduce “pet projects”

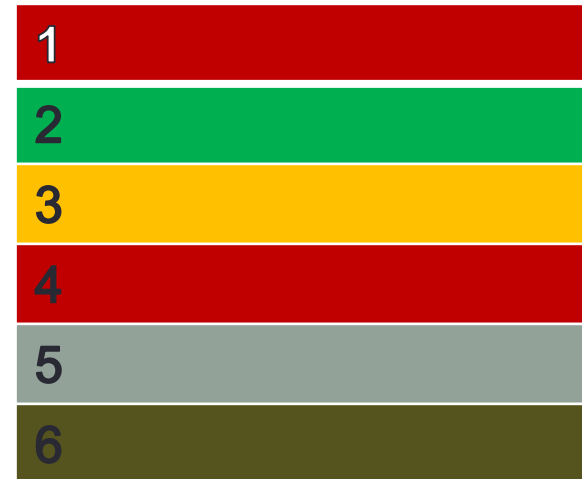
3 Phase Approach

1 Define Your Criteria

2 Evaluate Projects



3 Prioritize and Resource



What Is The Desired Outcome?

Investment portfolios or “buckets” are established:

- Breaks project list into strategic investment options
- Projects are evaluated against other projects in same bucket

Evaluation criteria or “filters” are used to prioritize:

- High-impact projects will “rise to the top”
- Marginal projects will “fall to the bottom”
- Projects with high value to the organization become evident

Resource allocation becomes more manageable:

- Resources assigned and dedicated to highest impact projects

Phase 1: Define The Criteria

Establish the Portfolio Team:

- Small, respected & data driven
- Strategic (business case & resources)

Identify the strategic objectives / criteria:

- Strategic objectives **must be clear** to guide investment decisions (i.e. revenue, cost savings, competitive differentiation)
 - Fuzzy objectives lead to misguided decisions

Establish Investment Splits:

- Make strategic choices on how to split funding and resources
 - Example:
 - X%: Innovation / Next generation products
 - Y%: Evolution of existing product lines / Improvements / Cost Reductions
 - Z%: Research / Process Improvements

Phase 2: Evaluate Projects

Project Evaluation:

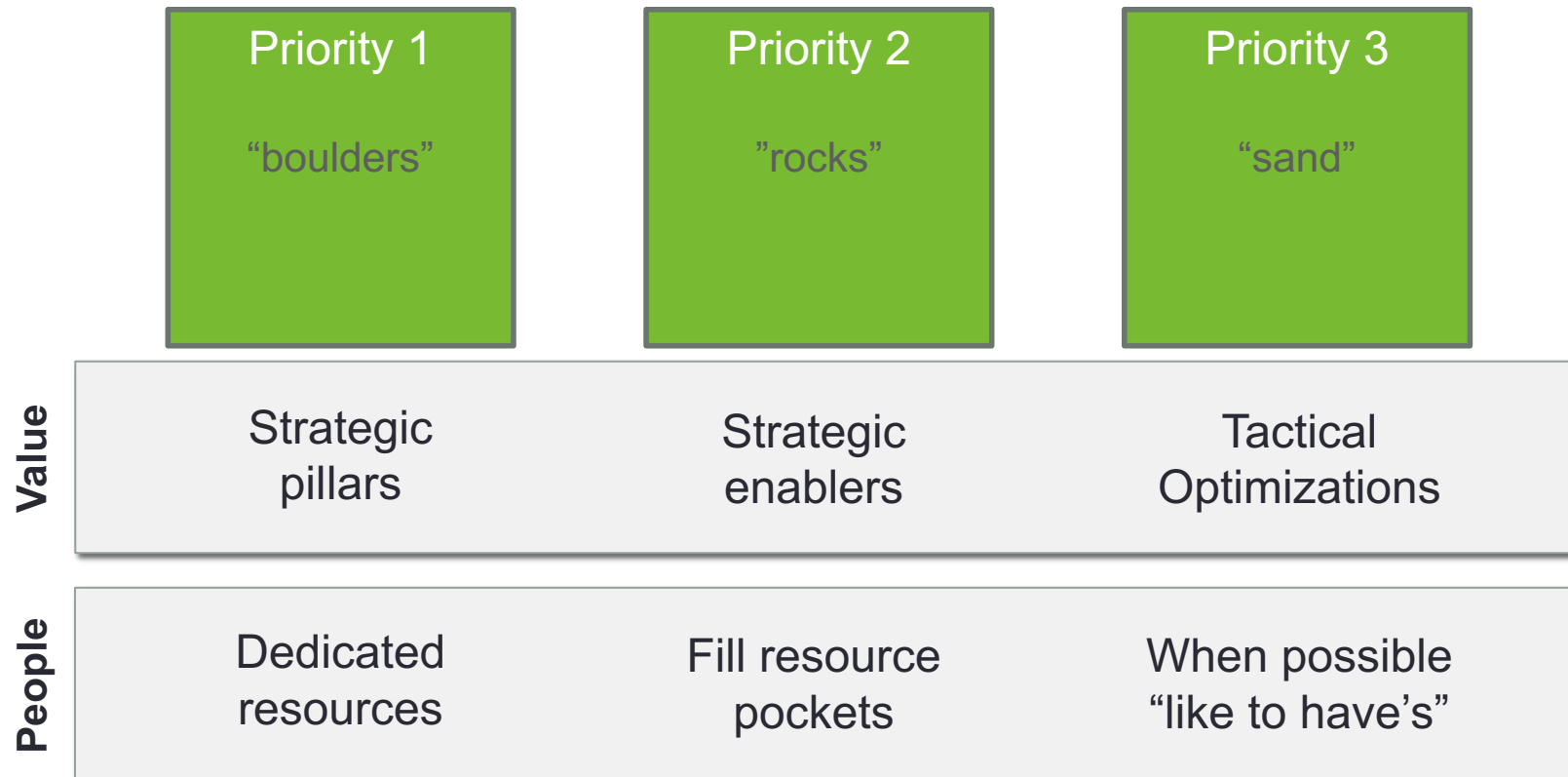
- Each project within a portfolio is evaluated against the same criteria
- New projects are evaluated when it is added to the portfolio
- All projects are periodically reviewed

Project Criteria and Ranking:

- Within a portfolio, each project is ranked based on evaluation criteria
- Scoring models must provide adequate differentiation between projects

Phase 3: Prioritize and Resource

Build Your Roadmaps



III. MANAGING VALUE

Portfolio Management Tool

PRODUCT PORTFOLIO														
Name of Project	Scoring Criteria							Score	Raw Score					
	Revenue Gains (15%)	Cost Savings (15%)	Competitive Differentiation (20%)	Customer Engagement (20%)	Strategic Engagement (15%)	Foundational (15%)	Impact (0-50%)		Grade for Revenue	Grade for Cost Savings	Grade for Competitive Differentiation	Grade for Customer Engagement	Grade for Strategic Engagement	Grade for Foundational
Q1 Projects														
Project 1	0.00	0.00	0.20	0.60	0.00	0.45	0.50	0.63	0	0	1	3	0	3
Project 2	0.15	0.00	0.60	0.60	0.15	0.15	0.10	0.17	1	0	3	3	1	1
Project 3	0.15	0.00	0.60	0.60	0.45	0.45	0.10	0.23	1	0	3	3	3	3
Project 4	0.15	0.15	0.20	1.80	0.00	0.00	0.50	1.15	1	1	1	9	0	0
Project 5	0.15	0.15	0.60	0.60	0.15	0.00	0.30	0.50	1	1	3	3	1	0
Project 6	0.15	0.00	0.00	1.80	0.15	1.35	0.50	1.73	1	0	0	9	1	9
Project 7	0.45	0.00	0.60	0.20	0.15	1.35	0.50	1.38	3	0	3	1	1	9
TOTALS							Q1 Target	7.26						
							Q1 Actual	5.76						

Portfolio Management Tool

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Projects

Estimated Value (Score)

Assessment

Portfolio Management Tool

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Projects

TIPS:
Easily identifiable
Any order

Portfolio Management Tool

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TIPS:

Score all criteria for each project
Collaborate with others

Assessment

Portfolio Management Tool

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Estimated Value (Score)

TIPS:

Ensure separation
Identify high value

Scoring Criteria (Example 1)

Revenue (annualized)

- How will this project contribute to 2017 revenue targets?

Business - Small Scale

- 9 Pts: \$1,000,000+
- 3 Pts: \$100,000 - \$999,999
- 1 Pt: \$1 - \$99,999

Business - Large Scale

- 9 Pts: \$5M+
- 3 Pts: \$1M – 5M
- 1 Pt: \$1 - \$1,000,000

Scoring Criteria (Example 2)

Cost Savings

- How does this project improve internal productivity?

Hours (Time Saved)

- 9 Pts: 250 hours
- 3 Pts: 100 – 249 hours
- 1 Pt: 0 – 99 hours

Cost Savings (\$)

- 9 Pts: \$100,000 +
- 3 Pts: \$25,000 – \$99,999
- 1 Pt: \$1 - \$24,999

Scoring Criteria (Example 3)

Competitive Differentiation

- How does this project differentiate us from competitors?

Differentiation

- 9 Pts: Sets up up as a Market Leader
- 3 Pts: Equal to Top Competitors
- 1 Pt: Equal to Marketplace

Portfolio Management Tool

Managing & Measuring Value

If you can calculate the number of points allocated to a project, then

- You can **create a forecast** / projection of how many points you expect to achieve (mo / qtr / yr)
- You can then **measure** how many points you actually achieve
- You know which projects **require** more resource investment

Target vs. Actual Value

- The team can agree upon target value (points) taking into consideration things like:
 - Bug Fix Cycles
 - Holiday downtime
 - Major program releases
- Allows the Product Manager flexibility on which projects to prioritize as long as they hit the target numbers.

THANK YOU!

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