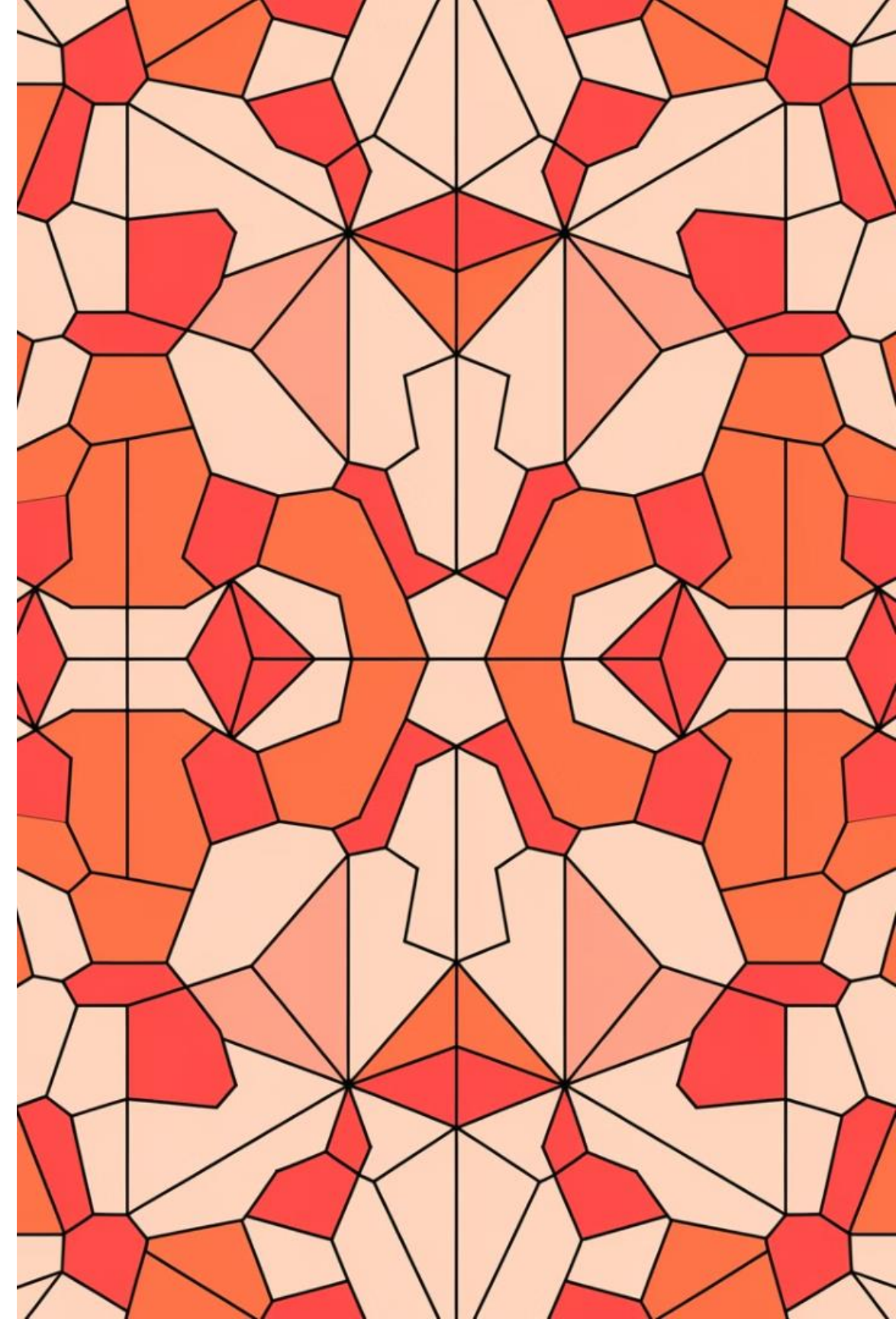


# Navigating the Complexities of Lean IT Portfolio Management

Organizations are constantly seeking ways to maximize IT investments while aligning with strategic goals. Lean IT Portfolio Management (Lean PFM) offers a powerful approach to optimize IT investments, enhance agility, and deliver measurable value. This presentation explores the core principles, challenges, best practices, and key benefits of implementing Lean PFM.

 **by Kimberly Wiethoff**



# Understanding Lean IT Portfolio Management

## Value Stream Focus

Prioritize IT investments based on their contributions to specific value streams, rather than isolated projects, fostering cross-functional collaboration and alignment with business objectives.

## Decentralized Decision-Making

Empower teams and leaders to make informed decisions at the right level, enabling quicker responses to changing priorities and market demands.

# Core Principles of Lean IT Portfolio Management

## 1 Continuous Feedback and Adaptation

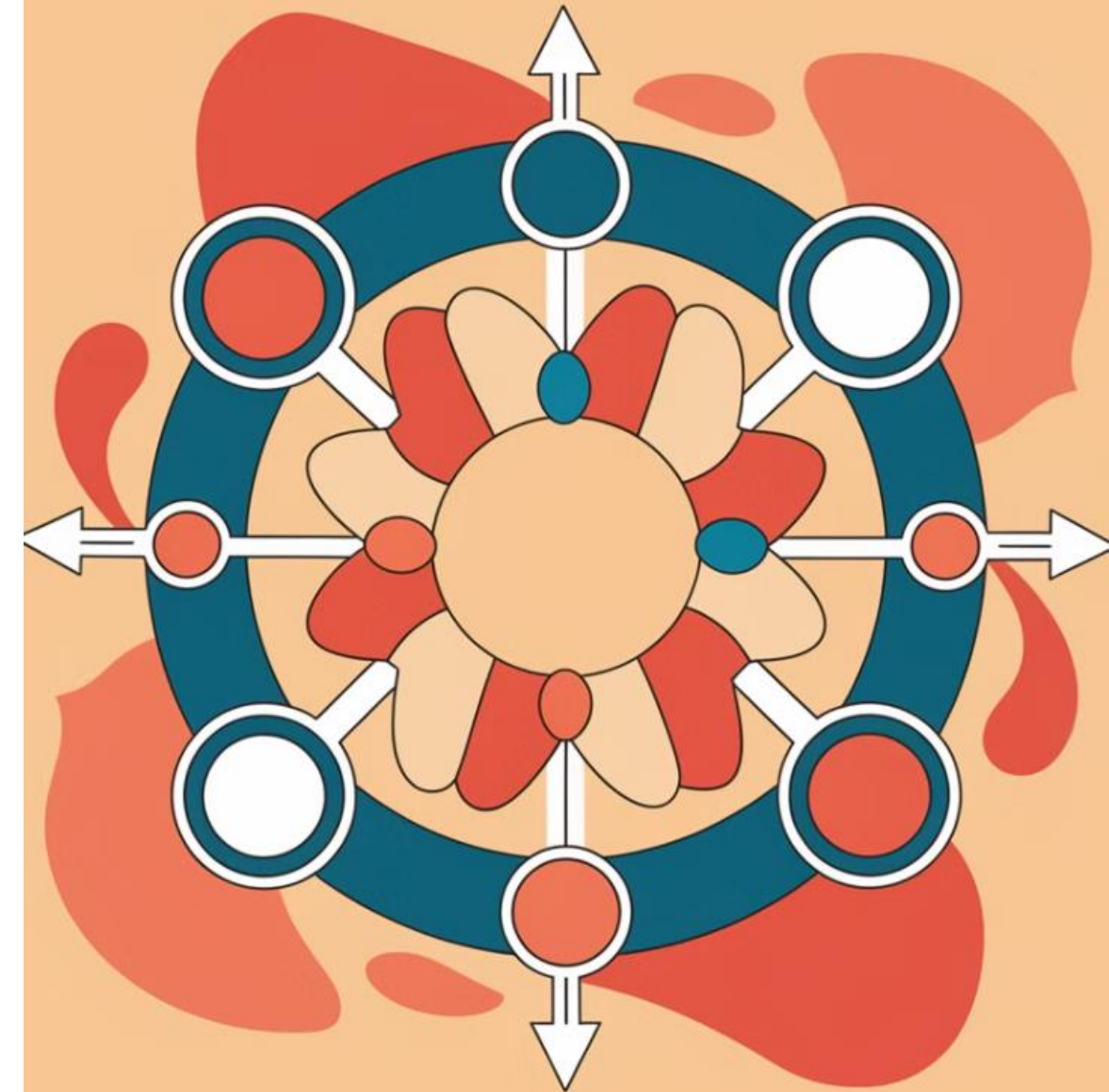
Regularly review and adjust IT portfolios based on performance data, market shifts, and emerging risks to ensure alignment with evolving business needs.

## 2 Lean Governance

Streamline approval processes and remove bureaucratic roadblocks that hinder agility, enabling faster decision-making and resource allocation.

## 3 Incremental Funding Models

Shift from large, upfront funding to iterative, value-driven funding cycles, allowing organizations to optimize financial commitment and minimize risk.



# Challenges in Lean IT Portfolio Management

## Balancing Agility with Governance

Striking the right balance between maintaining governance and enabling agility is crucial. Too much control hinders innovation, while too little governance leads to misaligned investments.

Implementing lightweight governance frameworks that provide visibility and accountability without unnecessary complexity is key.

## Prioritizing Based on Business Value

Many organizations struggle to align IT investments with business outcomes. Instead of prioritizing based on perceived urgency, Lean PFM emphasizes value-based prioritization. Techniques like Weighted Shortest Job First (WSJF) can help determine the highest-value initiatives.

## Managing Cross-Functional Dependencies

Lean portfolio management requires coordination across multiple teams, functions, and value streams. Clear communication, standardized portfolio Kanban boards, and integrated planning cycles help manage dependencies effectively.

# Best Practices for Lean IT Portfolio Management



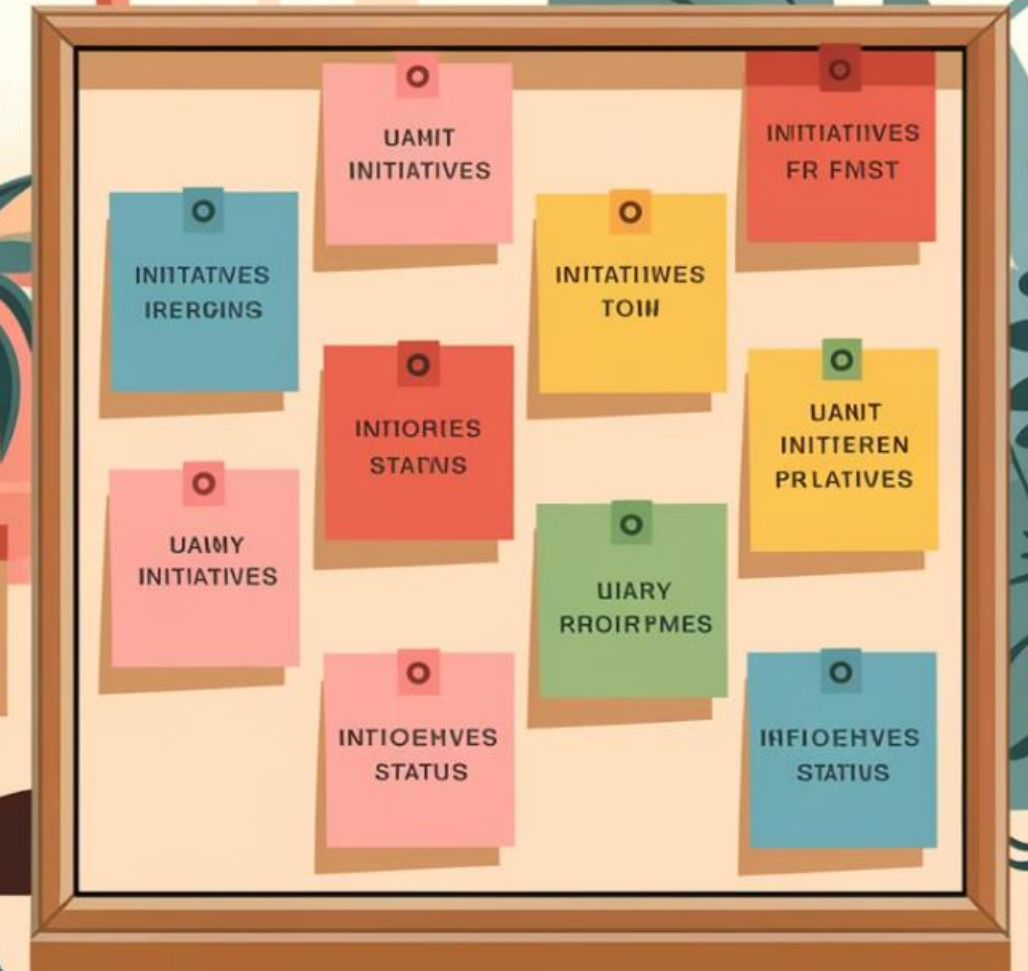
## Implement a Value-Driven Prioritization Framework

Leverage techniques like WSJF to evaluate potential initiatives based on business value, time sensitivity, and effort. Regularly review and adjust priorities based on market and internal feedback.



## Adopt Lean Budgeting and Incremental Funding

Replace annual fixed budgets with rolling wave funding to enable flexibility and adapt to changing needs. Fund value streams instead of individual projects to promote long-term business alignment.





# Best Practices for Lean IT Portfolio Management



## Establish Cross-Functional Portfolio Teams

Involve representatives from IT, finance, business, and operations to ensure holistic decision-making and a comprehensive understanding of business needs.



## Leverage Visual Portfolio Management

Utilize Kanban boards to provide transparency into portfolio status, blockers, and progress. Implement real-time dashboards for stakeholders to track performance metrics.



# Best Practices for Lean IT Portfolio Management



## Emphasize Continuous Learning and Adaptation

Conduct regular retrospectives to assess portfolio performance and identify improvement areas. Foster a culture of experimentation and innovation to drive continuous improvement.



## Measure and Track Portfolio Performance

Establish key performance indicators (KPIs) to measure the effectiveness of IT investments and track progress towards business goals. Regularly review and adjust KPIs based on evolving priorities.



# Benefits of Lean IT Portfolio Management

## Enhanced Business Alignment

Align IT investments with strategic business goals by prioritizing value streams and ensuring that projects deliver tangible results.

## Improved Resource Utilization

Optimize resource allocation by prioritizing high-value initiatives and minimizing waste through lean principles.

1

2

3

4

## Increased Agility and Responsiveness

Enable faster responses to market changes and emerging opportunities by embracing decentralized decision-making and continuous adaptation.

## Reduced Time to Market

Accelerate project delivery by streamlining processes, eliminating unnecessary steps, and focusing on value-driven outcomes.



# Implementing Lean IT Portfolio Management



1

## Establish a Clear Vision

Define the organization's strategic goals and identify key value streams to align IT investments.

2

## Develop a Lean PFM Framework

Implement a lightweight governance structure, define prioritization criteria, and establish clear roles and responsibilities.

3

## Train and Empower Teams

Educate teams on Lean principles and tools to foster a culture of continuous improvement and value-driven decision-making.

# Transforming IT Portfolio Management with Lean Principles

1

## Eliminate Waste

Identify and eliminate non-value-adding activities to improve efficiency and reduce costs.

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2

## Embrace Continuous Improvement

Foster a culture of continuous learning and adaptation, promoting regular feedback loops and ongoing process optimization.

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3

## Maximize Value Delivery

Focus on delivering tangible business outcomes by prioritizing high-value initiatives and streamlining processes.



# Key Takeaways

**1**

## **Value-Driven**

Align IT investments with business outcomes by prioritizing initiatives based on their contribution to value streams.

**2**

## **Agile & Adaptive**

Embrace continuous feedback, iterative development, and dynamic roadmapping to adapt to changing market conditions and priorities.

**3**

## **Collaborative**

Foster cross-functional collaboration and empowered decision-making to ensure alignment and responsiveness.

# Next Steps

Start by assessing your current IT portfolio management practices. Identify areas for improvement, prioritize initiatives based on value, and implement a lean framework. Regularly review and adapt your approach to ensure continuous improvement and maximize the value delivered by your IT investments.

