Typical cast of characters in your LPM committee?
Welcome

My LPM Toolkit: The Gambler & Sizing Charts

Presented By: Christopher Pola & Laureen Knudsen

Wednesday August 7th, MMXIX
10:45 A.M. - 12:00 Noon
August 1976

On a warm summer's evening...
Purpose

To educate about the efficacy of Lean Portfolio Management (LPM) principles & practices...

To inspire everyone to apply the LPM practices to produce desired business results.
Agenda

Chapter 1: The Current Reality

Chapter 2: The Goal

Chapter 3: A Possible Plan: w/some advice from The Gambler

Chapter 4: Action Items + Moonshots
Inspiration for this presentation comes from:

- *Principles of Product FLOW*, Donald, G. Reinertsen
- *Lean Software Development*, Mary & Tom Poppendieck
- *Deep Work*, Cal Newport + *Signals*, Dr. Pippa Malmgren
- *Scaled Agile: Dean Leffingwell* + *Scrum@Scale: Jeff Sutherland*
- Naveen Jain (Moonshot Podcast), Thomas Tull (Legendary Entertainment)
- Kenny Rogers
- *Modern Business Mgmt* Laureen Knudsen & Doug Dockery

*Our colleagues past & present at Rally Software*
Start with the End in Mind...
Chapter I
Q: Do you manage these investments the same way? Yes/No
A Cover is Not the Book

...and for that model without iteration is "risky and invites failure..."
Traditional PMO + Agile Programs = Stalemate

Wrong Equation
Variability
Inputs: Homogenous

Efficiency
100% Utilization ★

Conformance
Variance
Consequences

Applying the same orthodoxy to new ways of working
Accommodations

Big Upfront Design + Batches
Change Management Process
Buffer Estimates
He Said, “If your gonna play the game, boy You gotta learn to play it right... ”
Adage:
Don’t fix what’s not broken

Question?
Chapter II
Lean-Agile
Accommodations
Takes a lot of intellectual fortitude
Management Paradigm: *Turning Turtle*

**PLAN**
- **Time**
- **People/Co$:t**
- **Scope/BRD**

**VALUE**
- **Scope**
- **People/Co$:t**
- **Time**

*Estimated Variable Parameters*
- Fixed Parameters

*Restrictive Fixed Parameters*
Lean Portfolio Mgmt: *Flow*...

Eight Core Themes

**Economic Model**

**Queues**

**Variability**

**WIP Constraints**

Small Batches

Cadence & Synchronization Flow Control

Fast Feedback Loops

Decentralized Decision Making
I can see you’re out of Aces, 
For a taste of your whiskey, 
I’ll give you some advice...
Catalyst: *Agile Accounting*

cat·a·lyst
/ˈkad(ə)ləst/
noun
1. a substance that increases the rate of a chemical reaction without itself undergoing any permanent chemical change.

- **Lean Budgeting**
  - Reduce Overhead

- **Funding Allocation**
  - DIP/Emergent Architecture

- **Capitalization**
  - Limit WIP, ↓ Waste
What do you choose?

You pay full price for code **while** you build it

You can go into technical **debt**
- **A** -
  Decreases w/ Larger Batches
  ★ Feedback
  ★ Efficiency
  ★ Motivation
  ★ Urgency

- **B** -
  Increases with Larger Batches
  ★ Cycle time
  ★ Variability
  ★ Risk
  ★ Overhead
  ★ Cost and scheduled growth..
Chapter III
Estimating...
Prioritizing...
Scheduling...
Use Economic Models... Manage Queues... Limit WIP... Estimating... Prioritizing... Scheduling...
Lessons from The Gambler on LPM Practices...
“You got to know when to hold ’em,
Know when to fold ’em
Know when to walk away
Know when to run...”
Hold ‘em or fold ‘em? Pull-Scheduling
CFD: Leading Indicator for Queues
Invisible and unmanaged queues are the root cause of poor economic performance in product development...

Reinertsen & Associates 2018
Unseen Queues > DIP > Consequences
Why does this matter?

- Longer Cycle Time
- Lower Quality
- More Variability
- Increased Risk
- Upward Overhead
- Downward Motivation
Something Really Unseen
“You never count your money
When your sittin’ at the table
There’ll be time enough for coutin’
When the dealin’s done....”
Is it Business Value or *Estimated* Business Value?

Does value equate to an exact dollar amount?

*Is there ever an indeterminate dollar amount?*  
(Risk, Complexity, Opportunity Cost, Indirect Savings)

*Do you honestly measure success of outcomes?*
Prioritizing Work aka. Value
Economic Decision Framework: COD/WSJF

\[
\frac{(Value + Urgency + Risk/Opportunity)}{Job Size} = WSJF
\]

**Value:** Increase/Protect *Revenue* or Reduce/Avoid *Costs*

**Urgency:** Time Sensitivity

**Risk | Opportunity:** Complexity, Market Opportunity

**Job Size:** Ideal Days
Every gambler knows
That the secret to survivin'
Is knowin' what to throw away
And knowin' what to keep...
Conscious or Unconscious Decisions
Decisions: What to Throw Away, What to Keep...
## Limit Work to Capacity

### Portfolio Items

<table>
<thead>
<tr>
<th>Portfolio Items</th>
<th>Start Release</th>
<th>End Release</th>
</tr>
</thead>
<tbody>
<tr>
<td>How can we enable rapid delivery of ALM?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FR Agile2018 Demo Environment</td>
<td></td>
<td></td>
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<tr>
<td>AC-PPM Integration</td>
<td></td>
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</tr>
<tr>
<td>Object Management Experience</td>
<td>M (40)</td>
<td></td>
</tr>
<tr>
<td>Support/Prep for New Product</td>
<td>X5 (13)</td>
<td></td>
</tr>
<tr>
<td>[Team] Grid for Steel Thread Experience</td>
<td>X5 (13)</td>
<td></td>
</tr>
<tr>
<td>Upgrade Elastic Search</td>
<td>M (40)</td>
<td></td>
</tr>
<tr>
<td>Automated ALM Deploys</td>
<td>S (20)</td>
<td></td>
</tr>
<tr>
<td>2019 Q2 Security scans</td>
<td>L (100)</td>
<td></td>
</tr>
<tr>
<td>BLD Sunset</td>
<td>S (20)</td>
<td></td>
</tr>
<tr>
<td>Migrate Remaining Pipelines to AWS</td>
<td>M (40)</td>
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</tbody>
</table>

### Group Allocations

<table>
<thead>
<tr>
<th>Group</th>
<th>Capacity</th>
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<tbody>
<tr>
<td>10 Ft of AWSome</td>
<td>108</td>
</tr>
<tr>
<td>Accepted Risk</td>
<td>150</td>
</tr>
<tr>
<td>Disaster Goats</td>
<td>40</td>
</tr>
<tr>
<td>H.G.H.</td>
<td>138</td>
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<tr>
<td>Hedgehog</td>
<td>190</td>
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<tr>
<td>Hellfish</td>
<td>125</td>
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<tr>
<td>Little Bobby Tables</td>
<td>70</td>
</tr>
<tr>
<td>PaaS Dispenser</td>
<td>110</td>
</tr>
</tbody>
</table>

Last published on 07/02/2018 13:13 MDT

DEMAND

SUPPLY
Pop Quiz: ‘What’ would you do?
Is the value of the work (Initiative, Feature, Story) worth its implementation cost?

*The Art of Estimating...*
Concept/Idea Work

Start here...

Estimate ROI

Prioritize Everything is a Priority #1

Estimating Size

Time

Estimate Capacity

Maniacal to Fixed Targets Watermelon!
Estimations
Commitments
Accommodations
Psychology

Strategies

- LARGE-grained
- fine-grained
Estimation

Use Cases

(4x: four, quattro...)

Why estimate Initiatives?

No Estimate

...very complex ecosystem. Many variables...

Multiple Inputs/Charts

Argh! No one understands T-Shirt size... especially with different work items...

Use Labor Days

Groups use different point scales

Different Scales
Can we talk?

T-Shirt Sizes

Purpose: Simplicity, Ease...
LARGE-grain
KID: **Feature**

<table>
<thead>
<tr>
<th>XS</th>
<th>S</th>
<th>M</th>
<th>L</th>
<th>XL</th>
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<tr>
<td>All the above.</td>
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DOE: **Capability**

Size: Age only:
- 12 - 18 mo. | XS
- 19 - 24 mo. | S
- 25 - 36 mo. | M
- > 36 mo. | L

BUCK: **Initiative**

**Size:** Age + Weight: S | M | L

**Value:**
- Breed (Est. Value + Architecture)
- Age (Risk)
- Environment (Dependency + Time)

KID: **Feature**

XS | S | M | L | XL

All the above.

DoB (RR | OE)

Parents (Value)
yet-the
meh-the
dzu-the
Value
Numerator

———

Time
Denominator
<table>
<thead>
<tr>
<th>Work Item</th>
<th>Business Value</th>
<th>Time Criticality</th>
<th>RR</th>
<th>OE</th>
<th>Job Size</th>
<th>WSJF</th>
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<tbody>
<tr>
<td>Initiative</td>
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<tr>
<td>Capability</td>
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<td>Feature</td>
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</table>

User Story | Portfolio Items | Feature
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<tbody>
<tr>
<td></td>
<td>XS</td>
<td>S</td>
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<td>0</td>
<td>21</td>
<td>34</td>
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<td>1</td>
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<td>170</td>
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</table>
## Business Value

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<th>Work Item</th>
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<tr>
<td>Initiative</td>
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<tr>
<td>Capability</td>
<td>XS (21)</td>
<td>XL (144)</td>
<td>L</td>
<td>M</td>
<td>1.2</td>
<td></td>
</tr>
<tr>
<td>Feature</td>
<td>M (55)</td>
<td>S (34)</td>
<td>L</td>
<td>L</td>
<td>2.3</td>
<td></td>
</tr>
</tbody>
</table>

### Sizing Charts for Value (Numerators)

### Urgency/Time Criticality (Dependencies/Risks)

<table>
<thead>
<tr>
<th>TBD</th>
<th>Pull</th>
<th>ASAP</th>
<th>Immediate</th>
<th>Late</th>
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<tbody>
<tr>
<td>XS</td>
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<td>$x-xx m</td>
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Estimation Tips

Continually Adjust *(Reliability)*

Preliminary > Refined > Roll-up

*Ceremonies & Conversation*

**Cadence:** *Test/Learn Cycles*

**Decentralize** the Estimating...

**Data:** *Identify Patterns + Trends*

Transparency + Trust
How often are you [PMO] helping to refine the portfolio backlog?

Are you continually improving your estimates?
Chapter IV
hubris
&
nemesis

Clean Agreement vs. Edict
#1 Economic Model: Prioritization

'Never count your money, sittin' at the table'
Economic Model *Experiment*

Quantify all proxy variables...
Sizing Charts help with relative estimation...
Definition of Done...
Parallel pilot to existing Portfolio Backlog ranking...
Socialize it...
Transparency + Communicate...
Remember it is *dynamic*. Cadence + Retro it...
Abide by it... *Trust comes from behavior*
#2 Queues: Manage Proactively

Know when to fold 'em
Manage Cascading Queues: Visual Control Board
#3 WIP: Limit Work to Capacity

Knowin' 'what to throw away'
Efficacy
Moonshots

Behavior impacts culture get a visual control board for the portfolio...

Manage work as a life cycle...

No Black Box for Product Development: single open and transparent management system...
What if the ‘Business’ does not want to collaborate?
Speed is the absence of Waste...