Clarity Community Webcast:

Transforming Annual Planning from Project to Products
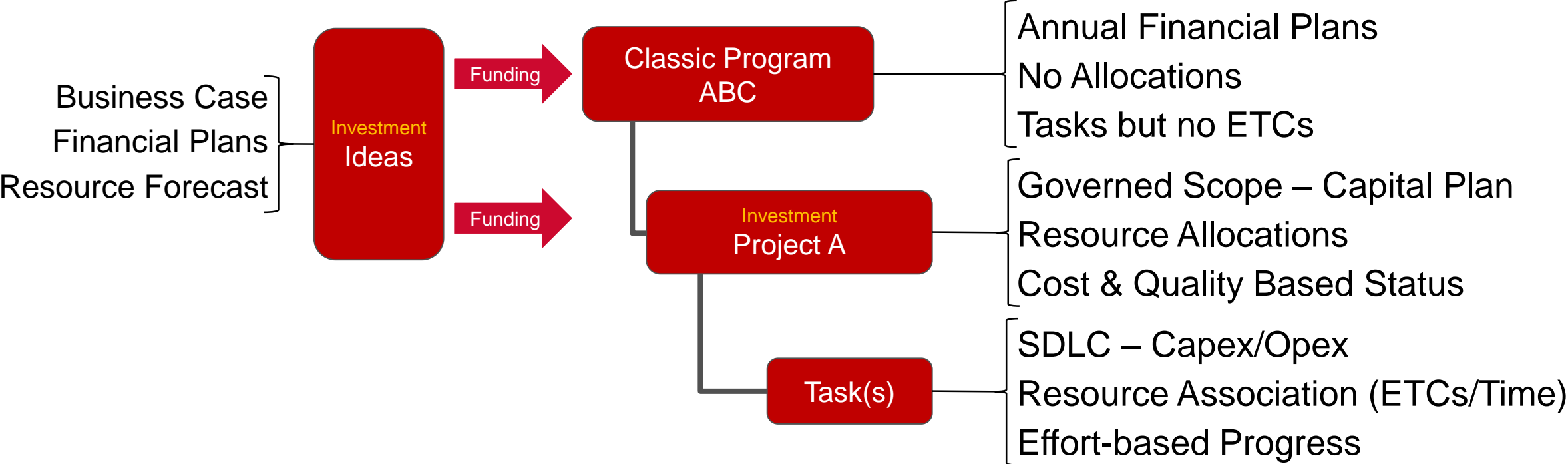
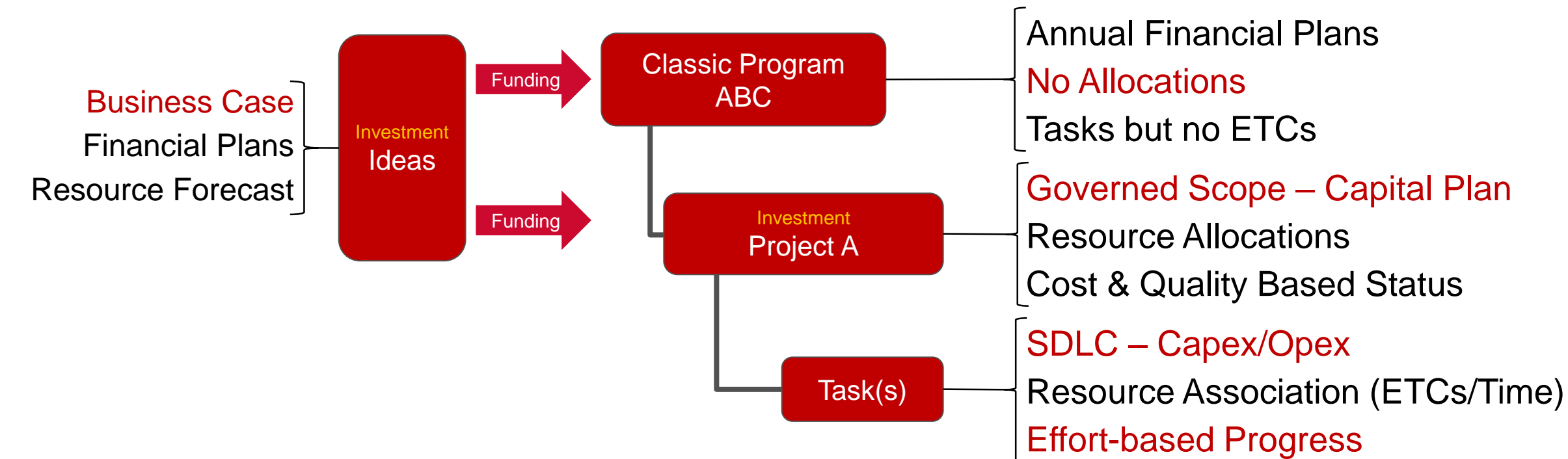## Sonja Furneaux

April 15, 2021

BROADCOM®

Agenda

- Business Challenge with Project focused Annual Planning

- Don't be scared – the shift is simple

- Annual Planning with Products or Bi-Modal

- Demonstration

- System changes needed to shift (It really is simple)

- Q&A

BROADCOM®

Common Clarity Planning Practice for Traditional Governance

Business Case
Financial Plans
Resource Forecast

Investment
Ideas

Funding →

Classic Program ABC

Annual Financial Plans
No Allocations
Tasks but no ETCs

Funding →

Investment
Project A

Governed Scope – Capital Plan
Resource Allocations
Cost & Quality Based Status

Task(s)

SDLC – Capex/Opex
Resource Association (ETCs/Time)
Effort-based Progress

BROADCOM®

Lean Portfolio "Friction Points" with Traditional Governance

Business Case
Financial Plans
Resource Forecast

Investment
Ideas

→ Funding →

Classic Program ABC

Annual Financial Plans
No Allocations
Tasks but no ETCs

→ Funding →

Investment
Project A

Governed Scope – Capital Plan
Resource Allocations
Cost & Quality Based Status

Task(s)

SDLC – Capex/Opex
Resource Association (ETCs/Time)
Effort-based Progress

Lean Canvas	People Focused Funding	Governed Team and Cadence	Feature Focused Delivery	Completion Based Progress
Similar attributes but completely different mindset	No Allocations on Programs means no Lean Portfolio	Scope become the variable; Financial focus shifts to predictable teams and releases	Steps to achieve are part of the practice, NOT defined in tasks; however NFRs need to be defined and used	Depending on structure and agile maturity, effort has diminishing relevance

BROADCOM®

Agile work for <u>ANNUAL</u> Planning Shift is simple (financially)

- The only difference between Agile work and support work is applying an average capital plan rate for the year.

- Finance can easily determine based on
  - Past data
  - Team roles/mix
  - Variations

- Organizations who do this see great benefit with the shift moving discussions from money to Strategy & Outcome planning

Investment shifts from a 'scope' focus to a 'people' focus

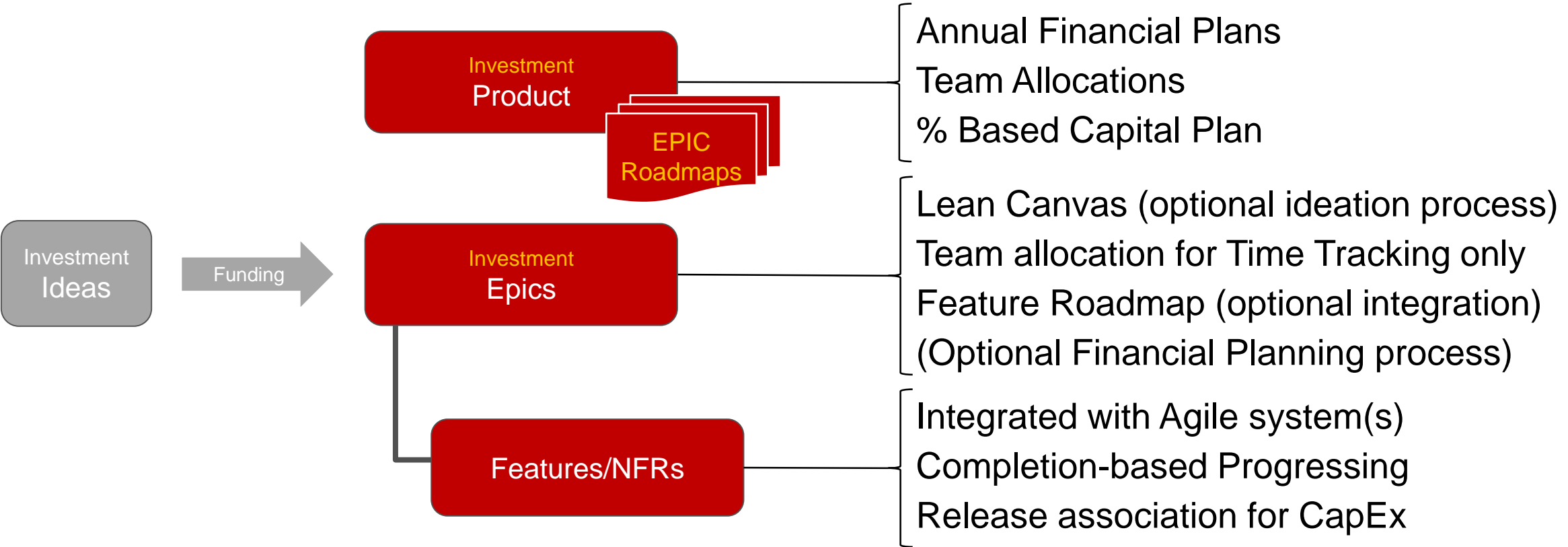BROADCOM®

More Profound Shift in Capital Planning

This shift takes time for people to grasp, for people to fully understand how to achieve, and then to implement *while keeping operations and financial practices stable*

Traditional Project Management

People → Work/Scope

Variable   Fixed

Capital Planning REQUIRES Scope

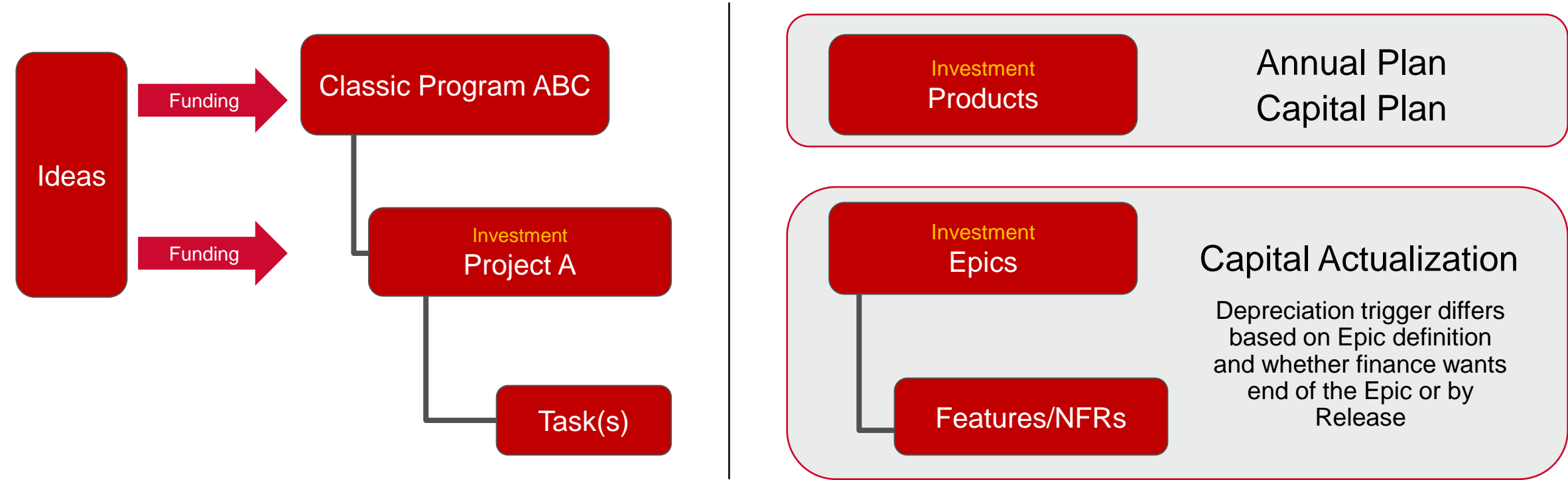Agile Project Management

Work/Scope → People

Variable   Fixed

Agile practitioners will want to move away from project constructs.
Finance will want to hold on to scope definition for capital planning.

SOLUTION: **Provide Scope definition *without* cost governance**

BROADCOM®

Common Lean Portfolio Approach – Products

Investment
Ideas

→ Funding →

Investment
Product

EPIC Roadmaps

- Annual Financial Plans
- Team Allocations
- % Based Capital Plan

Investment
Epics

- Lean Canvas (optional ideation process)
- Team allocation for Time Tracking only
- Feature Roadmap (optional integration)
- (Optional Financial Planning process)

Features/NFRs

- Integrated with Agile system(s)
- Completion-based Progressing
- Release association for CapEx

BROADCOM®

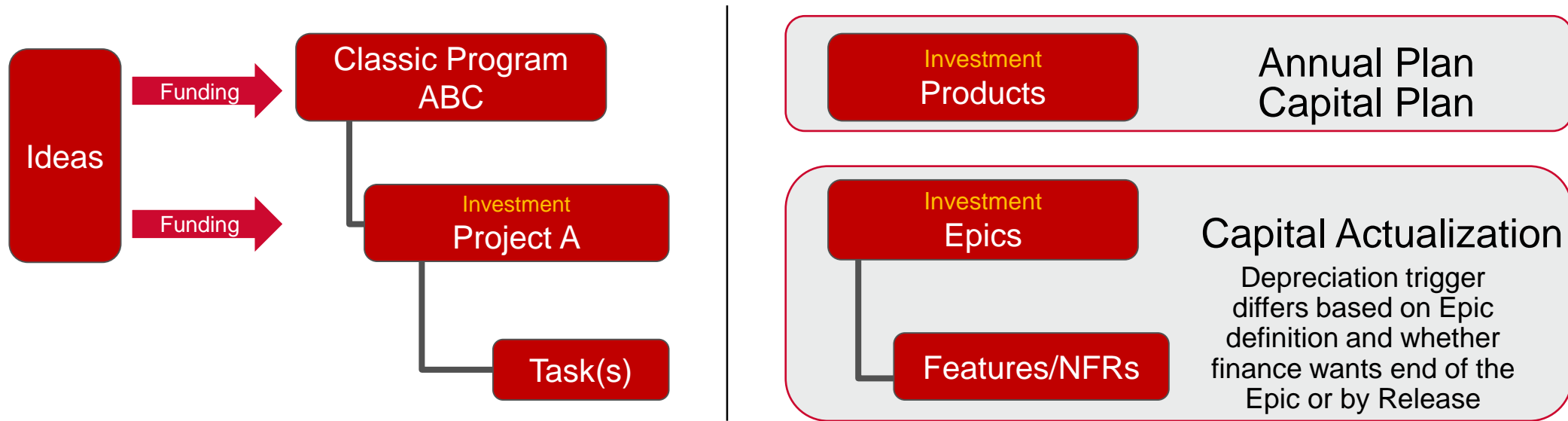# Bi-Modal Approach: Products

Requires financial governance to *let go* of cost planning at the Epic level.
Again, agility is about funding <u>the people</u> NOT <u>the thing</u> being delivered.

BROADCOM®

Demonstration

BROADCOM®

Making the Transition: Needed System Changes

- Investment Hierarchies → OBS and/or Attributes
  - Update Reporting & Integration

- Shift to a "Roadmap Review" model for Traditional Investments as well
  - Use Dual Data elements (i.e. Duplicate Program Records or Project field for Programs)

- Strongly consider agile integration

- Keep Capital Actualization the same for at least one fiscal year

BROADCOM®

Want more on Annual Planning….

BrightTalk

Transforming Annual Planning from Project to Products

The reality is the shift from Project to Products starts with Annual Planning. If that is going to happen your organization needs to start now with discussions on end state and how you are going to get your people, process, and technology set up to achieve this transformation. In this session, we will be tackling the broad concept of Annual Planning and giving recommendations on what you need to do now to realize Digital Product Management.

PHILOSIPHY FOCUS

Thursday April 22nd 1:00 – 2:00 PM ET

https://www.brighttalk.com/webcast/6505/473034

Clarity Seminar Series [Replay}

Annual Planning in the Modern World

Setting an annual budget for development & operations has traditionally been one of the processes for which many of our customers use Clarity. With ever-increasing interest on the part of executives for leaner and more product centric approaches, Clarity enablers are now being called upon to rethink your organization's annual planning approach. In this seminar, we will demonstrate options for supporting and automating annual planning as well as transitioning your classic programs to the modern user experience, then dive into helpful ways to communicate and importantly bridge the communication gap between finance and agilists on the subject.

STRUCTURE OPTION DEMONSTRATION FOCUS

Apr 15, 2021 from 1:00 – 2:00 PM ET

Contact clarity@broadcom.com to get the recording and sign up for future Product Management Program Events

https://community.broadcom.com/enterprisesoftware/events/calendar

BROADCOM®

Thank You and Q&A

Appendix: Investment Structure Options

BROADCOM®

Common Lean Portfolio Approach – Products

Investment
Ideas

Funding

Investment
Product

EPIC
Roadmaps

Investment
Epics

Features/NFRs

Annual Financial Plans
Team Allocations
% Based Capital Plan

Lean Canvas (optional ideation process)
Team allocation for Time Tracking only
Feature Roadmap (optional integration)
(Optional Financial Planning process)

Integrated with Agile system(s)
Completion-based Progressing
Release association for CapEx

BROADCOM®

Common Lean Portfolio Approach – Products with Releases

Investment Product

EPIC Roadmaps

Annual Financial Plans
Product Roadmaps (Optional Agile integration)
Team Allocations
% Based Capital Plan

Investment Releases

Team allocation - % based Capital
Financial Plan (Segment of Product $)
(Optional Release Status Mgmt.)

Features/NFRs

Integrated with Agile system(s)
Completion-based Progressing
(Optional non-agile work tracking)

BROADCOM®

Common Lean Portfolio Approach – Value Streams

Investment
Ideas

Funding

Investment
Value Stream

EPIC
Roadmaps

Investment
Epics

Features/NFRs

Annual Financial Plans
Team Allocations
Epics Based Capital Plan (Roadmap)

Lean Canvas
Team allocation for Sizing
Financial Plan for rough cost
(Optional Feature Roadmap)

Integrated with Agile system(s)
Completion-based Progressing
Release association for CapEx

BROADCOM®

Common Clarity Planning Practice for Traditional Governance

Business Case
Financial Plans
Resource Forecast

Investment
Ideas

Funding →

Funding →

Classic Program ABC

Annual Financial Plans
No Allocations
Tasks but no ETCs

Investment
Project A

Governed Scope – Capital Plan
Resource Allocations
Cost & Quality Based Status

Task(s)

SDLC – Capex/Opex
Resource Association (ETCs/Time)
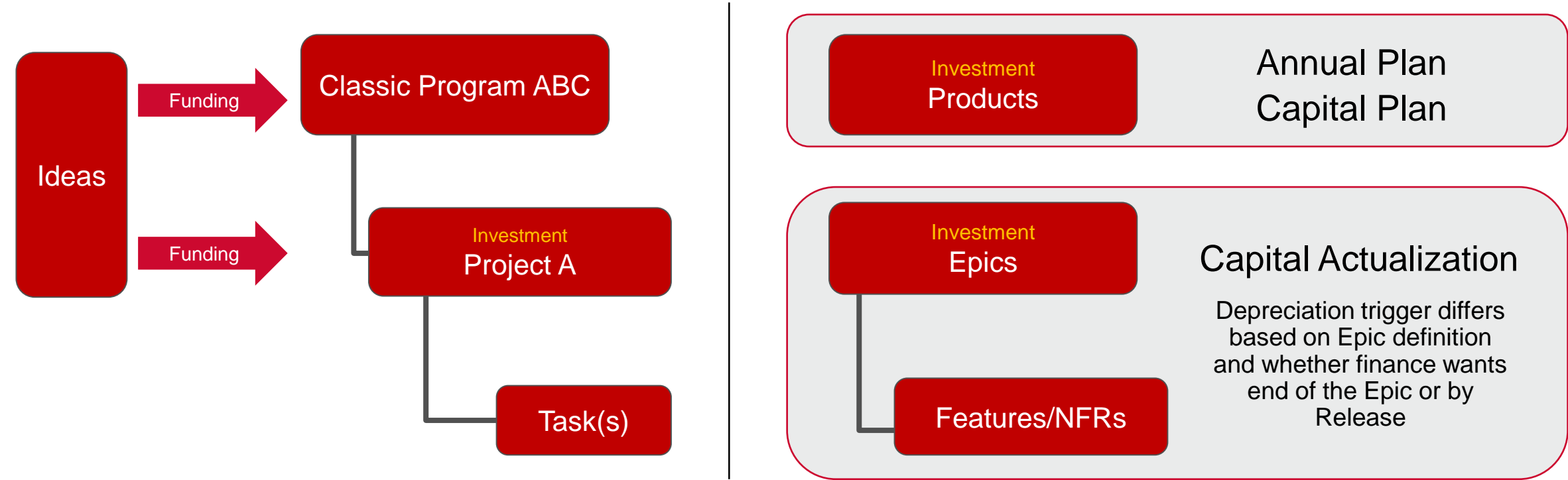Effort-based Progress

BROADCOM®

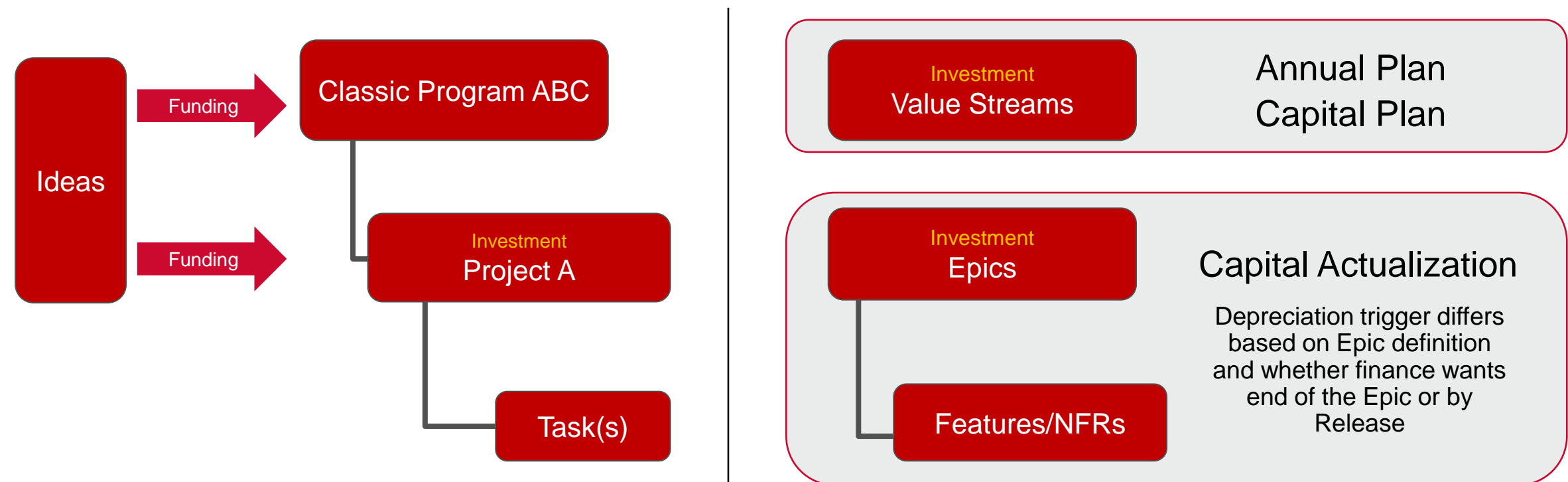# Bi-Modal Approach: Products with Releases

Cleanest approach as it offers financial governance alignment for capital planning as well

Bi-Modal Approach: Products

Requires financial governance to *let go* of cost planning at the Epic level.
Again, agility is about funding <u>the people</u> NOT <u>the thing</u> being delivered.

BROADCOM®

Bi-Modal Approach: Value Streams

Ideas

Funding → Classic Program ABC

Funding →

Investment
Project A

Task(s)

Investment
Value Streams

Annual Plan
Capital Plan

Investment
Epics

Features/NFRs

Capital Actualization

Depreciation trigger differs based on Epic definition and whether finance wants end of the Epic or by Release

Requires financial governance to *let go* of cost planning at the Epic level.
Again, agility is about funding <u>the people</u> NOT <u>the thing</u> being delivered.

BROADCOM®