Metrics for Lean PPM in an Agile World

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Executive Summary

Lean Project Portfolio Management (PPM) is the concept of implementing an efficient and flexible flow of work within your organization. Lean PPM drives the selection of ideas that return the greatest value to the organization and helps you realize their full potential. As organizations transition to an ‘agile’ state, the question of how to measure performance arises. Lean PPM would suggest that project execution is optimized for speed and value. Organizational culture, however, tends to drive process. Thus, the various project management methodologies you choose to plan, execute and roll out selected ideas to market should align with that culture. Based on how you work, your organization may support waterfall, agile or a hybrid approach. The approach your organization utilizes will also drive the metrics you should collect to measure performance. This paper provides a brief overview of how to incorporate value added metrics and lean PPM principles into an agile organization.

Lean PPM in an Agile World

Today’s business value chain has proven that innovation is king, and hence the ability to adapt quickly to changing business demands is imperative for success. In response, many organizations are looking to concepts like lean PPM to speed up decision making and meet the ever-changing demands of the business value chain. Expediting the decision making process requires synergy of communication and management styles between the project execution teams to the portfolio managers and executive team. Within your organization, business units or other portfolios may have a distinct, yet effective, sub culture that is best supported by a particular methodology. Rather than forcing one methodology to be applied organization-wide, it is imperative to align each organizational unit’s culture with the project management methodology that best fits that sub-portfolio. Implementing lean PPM successfully will allow for different management methodologies across the business units as opposed to a one-size-fits-all approach for the organization.

Métier’s PPM Central software is built with this flexibility in mind. PPM Central provides the capability for a configurable taxonomy aligned to an organization’s portfolio management structure. The taxonomy provides the context and segmentation to support different management methodologies at various levels of the organization. Without a taxonomic approach, the capability to mix and match methodologies across portfolio is impossible. A sample taxonomy is represented below:
As culture drives process within each sub-portfolio, there will be repeatable workflows developed to streamline the operations. Those repeatable processes influenced by each sub-portfolio’s culture will help define the best methodology for moving ideas into projects and managing the execution of those projects. In the sample taxonomy, Lines of Business may operate under a Waterfall framework, whereas Products operate best in an Agile environment. Even within larger constructs, such as a program, pieces of that work class (i.e., projects) can utilize different methodologies. Once a methodology has been established that best fits each sub-portfolio, then each methodology will drive which metrics are utilized in order to track value delivered back into the organization.

**Metrics to track Value, As-Is and To-Be**

An organization’s planning, execution and/or PMO team must focus on speed as an important piece of the lean PPM framework. Equally important remains the need for greater visibility into managing the business opportunities, measuring value, and achieving the appropriate level of resource allocation across the organization. An enterprise PPM solution, such as PPM Central, enables organizations to automate the collection and reporting of valuable information. Balancing an organization’s portfolio and measuring value at the enterprise level requires sophisticated integration across toolsets as well as business driven aggregation of the data. With any methodology, your organization needs to establish ways to track:

**Business Value metrics**
- Cost savings and/or revenue
- Customer satisfaction
- Return on investment
- Value delivered as a percentage, by taxonomic class
- Value aging as a percentage, by taxonomic class

**As-Is metrics**
- % Project effort – percentage of time spent working on projects as opposed to maintenance, enhancements and tickets
- % Project churn – number of project/work items delayed, added or cancelled over the total number of work items in a given period
- Resource allocation and demand
- Story backlog as a percentage, by taxonomic class – percentage of story items outstanding for a taxonomic class’s total story items
- Story aging as a duration, by taxonomic class – average length of time to deliver a story/value for a specific taxonomic class

**To-Be metrics**
- % Increase in project success rate and/or % decrease in failure rate
- Variance to Budget – cost savings measured by positive variances to budget
workforward with PPM Central

The essence of lean PPM produces an efficient and flexible flow of work. In order to achieve the high performing, efficient and flexible flow of work, breaking down ideas to the smallest and most valuable feature helps to improve the overall effectiveness of the business value chain. By implementing the right project management methodology for your portfolio’s culture, you will build repeatable workflows that can be fine-tuned across your organization. With the appropriate metrics in place, you will have confidence that your incremental improvements are providing the desired impacts for your business.

Métier’s PPM Central software solution provides organizations with a flexible platform to track and measure ideas through their delivery to market. Regardless of the methodology your organization selects, you will gain high visibility through regular reporting on your project portfolio health. Your organization will manage change proactively with the addition of Métier’s virtual PMO Central® services and the use of PPM Central. Métier’s PPM Central allows you to obtain the highest return on investment from your projects by selecting the best ideas and ensuring that the execution of those ideas is fast and efficient.

To learn more about how your organization can utilize PPM Central, we invite you to request a free, custom consultation by contacting us at 877.965.9501 or at info@metier.com.