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3 Steps for Getting Started With SAFe® Lean Portfolio Management

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Initiatives: [Strategic Portfolio Management](#); [Spend Optimization and Supplier Value Enhancement](#)

Organizations are turning to the Scaled Agile Framework® to effectively manage costs while delivering value and agility. Strategic portfolio leaders engaged in implementing SAFe should make changes to roles, processes and governance to successfully transition to Lean Portfolio Management.

Overview

Key Findings

- Organizations scaling value delivery must find a way to maintain portfolio accountability that might otherwise be lost.
- Business and IT leaders need better methods for ensuring that proposed work is aligned to strategic business outcomes and for improving investment decisions across the portfolio.
- Achieving business agility – the ability to swiftly take advantage of new opportunities or adapt to industry shifts – requires close coordination between business and technology leaders.

Recommendations

Program and portfolio management leaders (strategic portfolio leaders) responsible for PMO evolution who are looking to start transitioning to the Scaled Agile Framework lean portfolio management must:

- Define the Lean Portfolio Management (LPM) function, its accountability to the business and its roles by identifying the people in the organization who will make up the function.

- Create complete visibility of work in all phases of the portfolio, from concept to completion, and align the portfolio with business outcomes. Do so by establishing a Portfolio Kanban.
- Reinvent the governance activities between the business and technology representatives in the LPM function by leading cadence-based LPM events to increase engagement and collaboration.

Introduction

The early benefits gained from standing up a few pilot agile teams create momentum to add more teams. As this momentum builds, organizations will quickly realize that they need additional structure to continue coordinating teams of agile teams, and optimizing their use. Enterprise agile frameworks provide this structure, and evidence suggests that Scaled Agile Framework (SAFe)® is currently the most popular framework in use. ¹

Organizations adopting any enterprise agile framework can face challenges similar to those that can inhibit success in initial pilot agile teams. The top barriers to adopting a scaling framework include failing to:

- Establish a supportive delivery culture
- Obtain consistent business input
- Manage the interdependencies among delivery teams and work ²

This research provides guidance to an enterprise program management office (EPMO) or PMO operating in an organization that is adopting SAFe's lean portfolio management (LPM) competency. SAFe is a complex and multifaceted scaling framework, and successful implementation requires commitment. If your focus as a strategic portfolio leader doesn't relate to SAFe, then this research will not be relevant to you.

As your organization moves through its SAFe implementation, you may start seeing issues that will highlight the deficiencies of traditional portfolio management practices in an agile operating model. One issue that may arise is the need to maintain accountability of the portfolio to the business, which can be lost while scaling. With teams of teams or agile release trains (ARTs) working on business outcomes, you need a greater degree of coordination between strategy and execution. Moreover, executives may want to more explicitly tie the spending associated with those ARTs to the business outcomes your organization expected to realize. Stakeholder engagement can be affected, as new roles of Epic ownership and product management begin to mature. These issues can impede successful scaling. Strategic portfolio leaders can take action to bring resolution to these challenges through the lean-agile principles used in LPM.

Before starting with LPM, assess the status of your organization relative to three key prerequisites to ensure success:

- At least one value stream is defined, showing the activity flow from customer request to delivery of goods or services. LPM determines investments through these value streams.
- The portfolio is moving from funding projects to funding value streams, which develop products and solutions.
- Strategic themes are defined and expressed as objectives and key results to facilitate tracing to the value stream key performance indicators (KPIs).

If your organization lacks these prerequisites, the LPM function will not be able to ensure strategic alignment, make appropriate financial investments and track their success. Adoption occurs in phases, which allows for change absorption. SAFe implementations are not expected to be a one-size-fits-all approach, and neither should LPM. No two enterprises are the same, and you will need to tailor the approach to fit your organization's unique needs. Use the three steps in Figure 1 to start a structured approach to your LPM adoption.

Figure 1: Three Steps for Starting SAFe® LPM

3 Steps for Starting SAFe Lean Portfolio Management

Source: Gartner
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Analysis

Step 1: Define the LPM Function

The LPM function is made up of a cross-section of expertise from across the organization. One set of expertise focuses on strategy and investment planning – and includes enterprise executives, business owners and enterprise architects. Another set of expertise relates to lean governance and agile portfolio operations, and includes the Agile Program Management Office (APMO), the Lean Agile Center of Excellence (LACE) and relevant communities of practice. This research expands only on forming the APMO.

You should be able to fill the APMO with talent from your mature PMO, provided that those people are willing and able to adopt agile philosophies. Keep in mind the following five of SAFe's 10 principles, which are most relevant to LPM:

- Take an economic view
- Base milestones on objective evaluation of working systems
- Visualize and limit work in process (WIP), reduce batch sizes and manage queue lengths
- Decentralize decision making
- Organize around value

The APMO services will be rooted in many traditional PMO services, such as data collection, metrics definition, analysis and reporting. The additional value-added services of the traditional PMO – strong facilitation, collaboration, orchestration, investment stewardship and execution – will be in high demand. The combination of these tactical and strategic services will serve as the basis for the APMO.

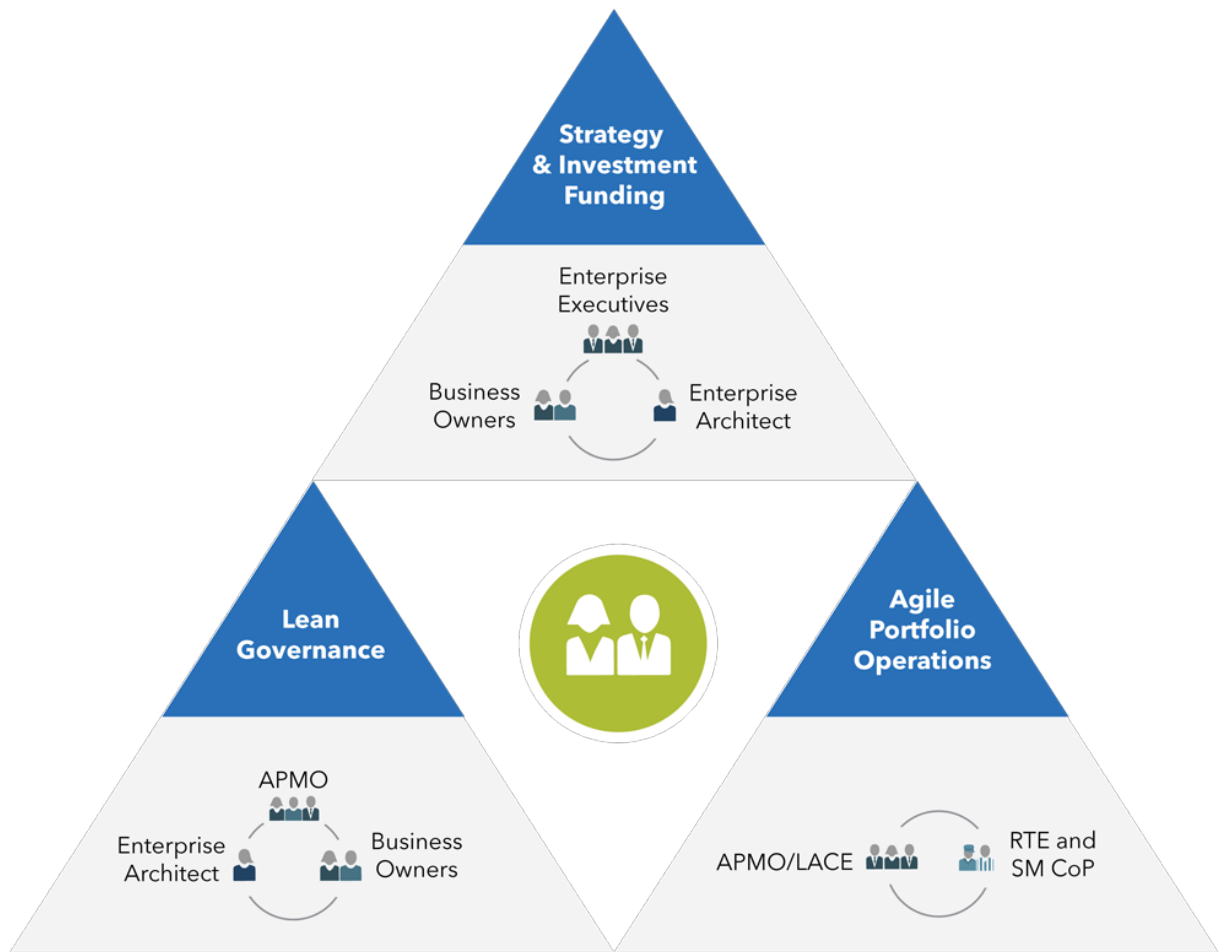
Once you have identified the necessary expertise from across the organization:

- Conduct training on LPM to prepare the participants for the next steps. The value of the framework lies in its consistency, and training in SAFe will give everyone a shared knowledge base for collaboration.
- Ensure the people that will be part of the LPM function are familiar with core SAFe terms, the dimensions of LPM and the essential LPM events.

Figure 2 shows how SAFe depicts the three dimensions of LPM. ³ SAFe defines the dimensions as:

- **Strategy & Investment Funding** – ensures that the entire portfolio is aligned and funded to create and maintain the solutions needed to meet business targets.
- **Agile Portfolio Operations** – coordinates and supports decentralized program execution and fosters operational excellence.
- **Lean Governance** – the oversight and decision making of spending, audit and compliance, forecasting expenses, and measurement.

Figure 2: The Three Dimensions of LPM



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Source: Scaled Agile

It is the collective interaction of these three dimensions that delivers the full competency of LPM that can be achieved over time. This research is intended for leaders who plan to, or have assumed, the role of APMO leader with its initial emphasis on creating the enablers of lean governance. Step 1 is focused on forming the governing body that maintains portfolio alignment and makes funding decisions through the use of the Portfolio Kanban (Step 2). Establishing the cadence-based LPM events provides the forums for executing lean governance (Step 3).

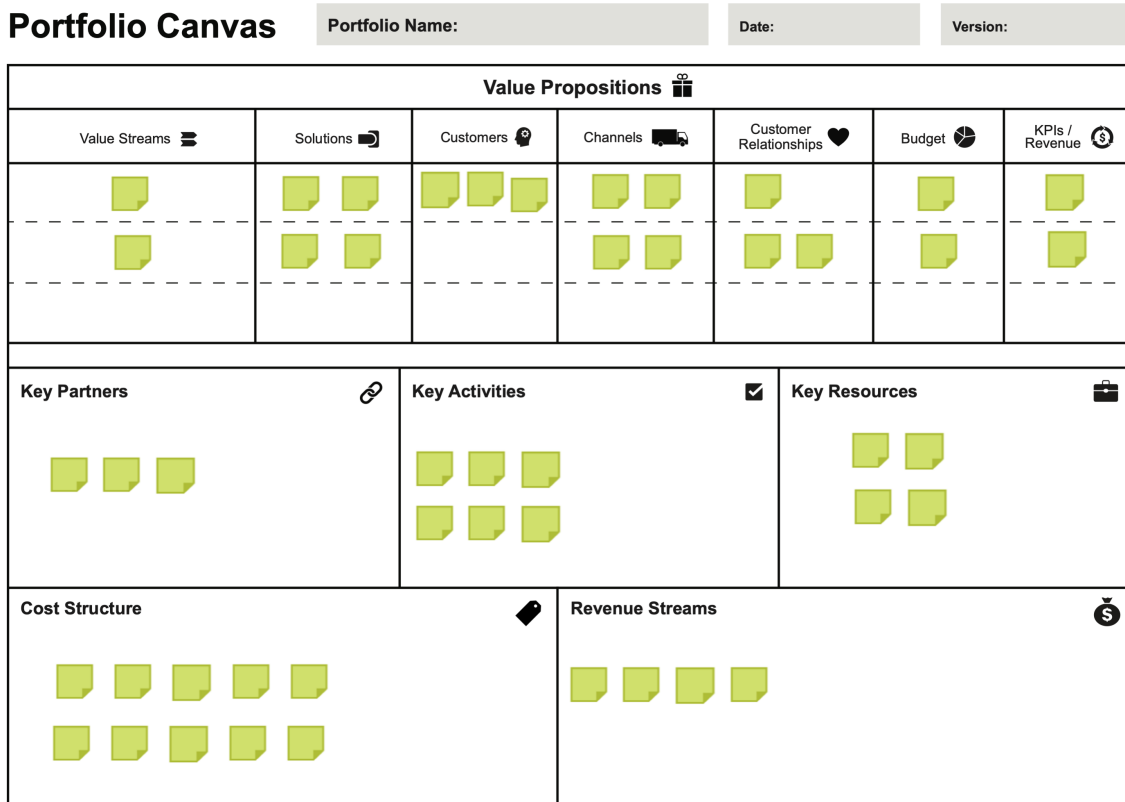
Strategy & investment funding is usually composed of enterprise executives, business owners, enterprise architects, Epic owners, and product and solution management. Agile portfolio operations are usually composed of APMO, LACE and release train engineer (RTE). Lean governance is composed of APMO, business owners and enterprise architects. These groups are all important and work together to create the LPM function.

Step 2: Establish a Portfolio Kanban

Adopting SAFe in no way changes your organization's need to understand the full picture of work requested, planned or underway. Nor does it change the need to determine the value to be derived from significant initiatives called "Epics." SAFe LPM uses the Portfolio Kanban system extensively to visualize and manage the flow of portfolio Epics, from ideation through analysis, implementation and completion. Adopting the Portfolio Kanban provides the mechanism and process to create much-needed visibility into the entire portfolio. LPM is responsible for ensuring that the portfolio remains aligned to the organization's objectives. Don't confuse the simplicity of a typical team-level Kanban board depicting "to do," "in progress" and "done" columns of work with its use at the portfolio level. Establishing the Portfolio Kanban is a multistep process starting with the portfolio canvas.

Define the current portfolio by facilitating a workshop that examines the organization's current state and identifies the gaps to be solutioned to achieve the desired future state. SAFe recommends using the portfolio canvas template to document the current state (see Figure 3), then to develop the future state.

Figure 3: Example Current-State Portfolio Canvas

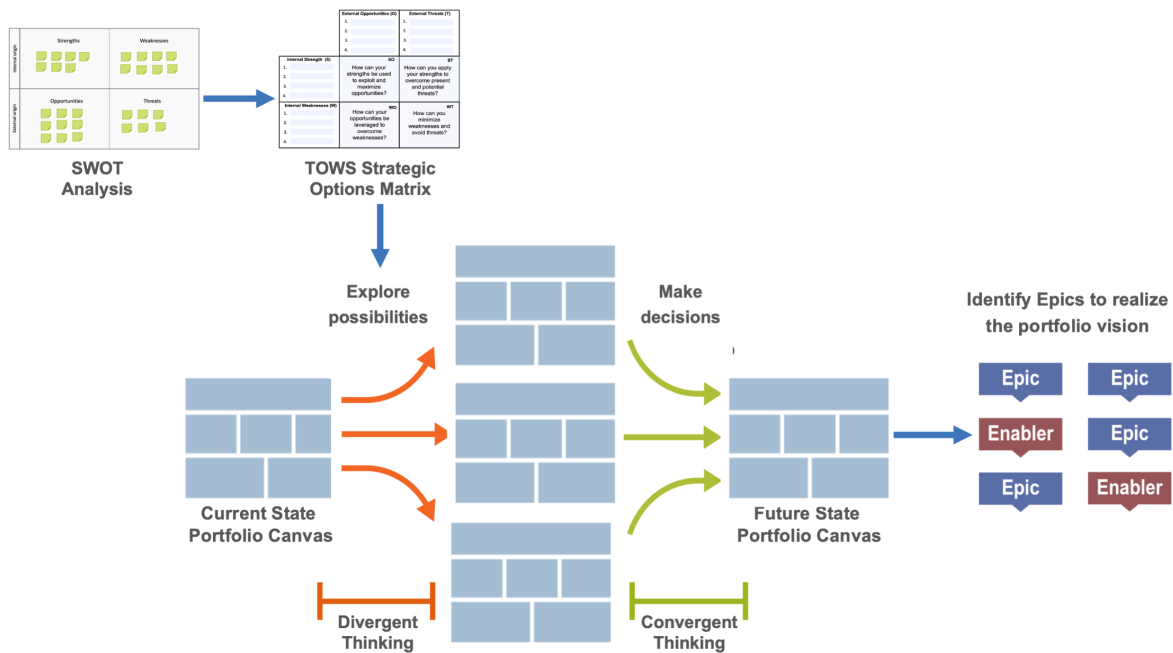


The Portfolio Canvas is adapted from The Business Model Canvas (<http://www.businessmodelgeneration.com>). This work is licensed under the Creative Commons Attribution-Share Alike 3.0 Unported License. To view a copy of this license visit: <http://creativecommons.org/licenses/by-sa/3.0>.

Source: Scaled Agile

The gap between the current and future states documented in the workshop becomes the portfolio vision. Figure 4 shows the techniques that SAFe recommends for deriving the future-state portfolio canvas. Initiatives are the actions an organization takes to achieve the vision, and that work is expressed in the form of portfolio Epics.

Figure 4: Exploring Different Scenarios



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Source: Scaled Agile

Portfolio Epics capture large bodies of work to be performed and may involve multiple value streams.³ Portfolio Epics represent the largest buckets of investment for the organization and are executed over longer periods, such as multiple program increments and by multiple value streams. The portfolio Epic is the core building block of the Portfolio Kanban.

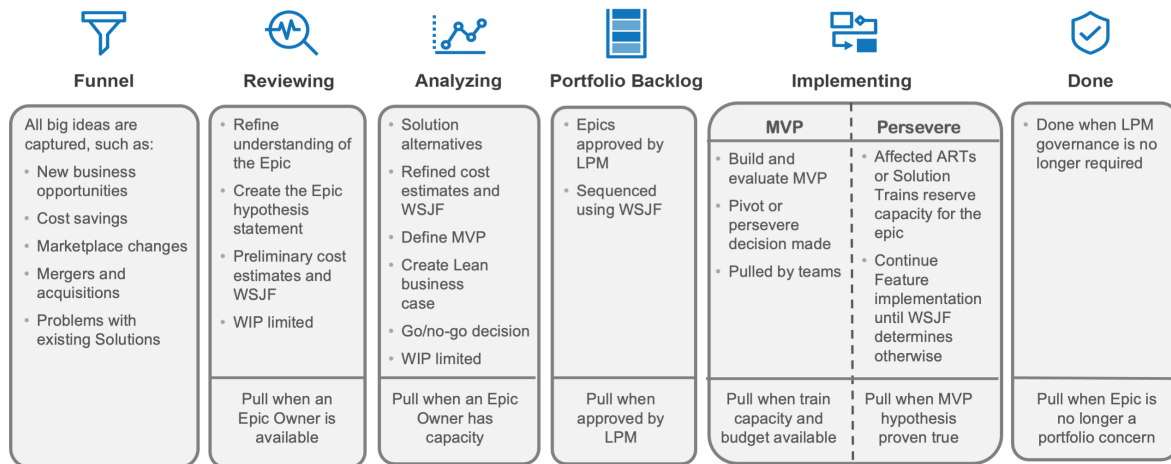
There are two types of portfolio Epics:

- Business (focused on business value)
- Enabler (focused on technology)

Epic owners are responsible for coordinating Epics through the Portfolio Kanban system. They collaboratively define Epics, the minimum viable product (MVP) and lean business case, and, when approved, facilitate implementation. Product managers and enterprise architects often serve as Epic owners for business and enabler Epics, respectively.

A Kanban system is used at a variety of levels within SAFe, including the program and team levels. The levels below the portfolio contain more granular information. To ensure that the level of information is appropriate for the portfolio layer, align portfolio Epics – in all statuses – into the phases of the Portfolio Kanban. Figure 5 shows the key activities in each phase.

Figure 5: The Portfolio Kanban



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Source: Scaled Agile

The phases of the Portfolio Kanban feel similar to your existing demand-intake and prioritization processes. However, the Portfolio Kanban operates differently from traditional demand management systems:

- **Funnel phase** – Ideas that enter the funnel can come from several sources, and some will eventually become Epics. This phase is similar to a demand-intake process. The next two phases, reviewing and analyzing, are similar to the types of prioritization techniques and discussions that you probably perform today.
- **Reviewing phase** – Epic owners translate ideas from the funnel into Epics that now require vetting. Use the weighted shortest job first prioritization technique to triage the Epics. ⁴ Move the Epics with the highest WSJF to the analyzing phase.
- **Analyzing phase** – The LPM function reviews a lean business case developed by the Epic Owner through a collaborative process, which contains the definition of the MVP and high-level estimates. Apply WSJF again to enable stakeholders to select the greatest-value work to move ahead.

- **Portfolio Backlog** holds Epics approved by LPM for implementation. These epics will be developed using SAFe's Lean Startup Cycle. Epics in the analyzing state that have the highest WSJF are pulled into the next state, portfolio backlog, as soon as space is available. This is a low cost "wait state" where epics are periodically reviewed and prioritized by updating WSJF and other relevant factors.
- **Implementing** – If the Epic is approved, Agile teams build an MVP. If the epic's benefit hypothesis is *proven*, the Epic moves to the persevere state where the ARTs continue development of the new offering. If disproven, the Epic moves to Done.
- **Done** – An Epic is done when one of the following conditions is met:
 - The business outcome hypothesis is proven false
 - The hypothesis is proven true, and LPM no longer requires additional Governance for the Epic.

Set criteria for when work moves from one phase to another and establish the WIP limits for specific phases. Setting WIP limits at the portfolio level is key to maintaining the flow of value.

Use the context of your organization to complete the mapping of your current portfolio work items into the phases of the Portfolio Kanban. Table 1 shows a sample approach to mapping. Many organizations include non-agile (e.g., waterfall) efforts, as well in their Portfolio Kanban to provide visibility to reflect the nature of their multimethodology portfolio. When doing this, know that it's purposeful solely to provide visibility. However, it will need to be fixed later.

Table 1: Mapping Traditional Portfolio Management Practices to the Portfolio Kanban Phases

Traditional Portfolio Management Practice	LPM Portfolio Kanban Phase
Work requests being submitted or already submitted to the demand-intake process	Funnel
Work requests in the demand-intake process and under initial review	Reviewing
Work requests with a concept document (capturing the essence of the proposed work, its alignment to strategic imperatives and the value it will deliver) under analysis	Analyzing
Work requests that have been approved and are undergoing prioritization or reprioritization	Portfolio Backlog
Work requests that are in execution and being monitored	Implementing
Work requests that have been completed/moved to a maintenance state	Done

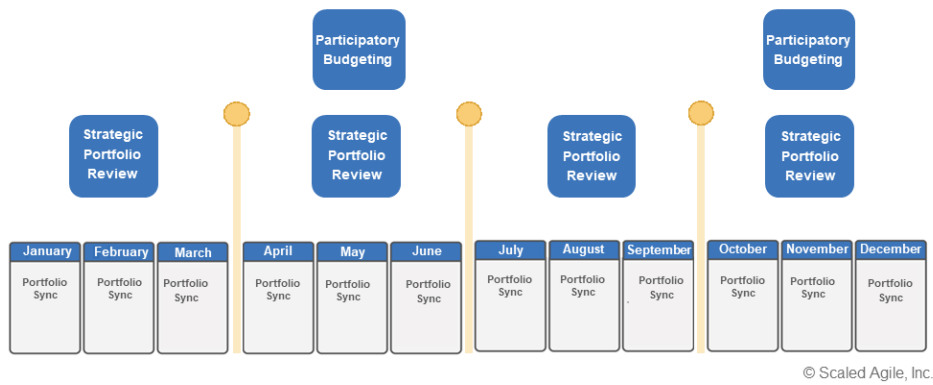
Source: Gartner (October 2022)

Step 3: Set Up Regular LPM Events

Most organizations hold different types of forums to review, assess and prioritize proposed work, and the associated investments to perform the work. LPM relies on the same rationale and identifies a few key events to hold on a regular cadence. It’s important to maintain a consistent cadence to keep the process in sync. Like traditional portfolio review meetings, the LPM events bring together the appropriate stakeholders to review the portfolio. The APMO provides insights to the LPM through aggregated data and portfolio metrics on a continual basis, contributing to all the events described here. Invest in developing a strong metrics capability, because it will be an asset to LPM (see [Use the Right Metrics in the Right Way for Enterprise Agile Delivery](#)).

Generally, those roles described earlier should attend all events. Only include extra stakeholders, such as a compliance representative or solution train engineer, as needed. Restrict the events to the essential attendees and not merely interested parties. Start by setting up and facilitating the Portfolio Sync, Strategic Portfolio Review and Participatory budgeting, as outlined on the example timeline below (see Figure 6).

Figure 6: LPM Events



These events are used for different purposes ensuring that the team is aligned on and advancing items on the Portfolio Kanban.

Table 2: Differences Between Portfolio Events

(Enlarged table in Appendix)

↓	Strategic Portfolio Review ↓	Portfolio Sync ↓
Frequency	Quarterly	Monthly
Purpose	Assuring strategic alignment and portfolio health	Advance portfolio epics
Assessment	Assess portfolio context	Review in-flight epics, evaluate MVPs and make decisions
Focus	Maintain portfolio vision	Advance epics through the Kanban system
Updates	Review and update strategic themes	Address blocks and impediments
Coordination	Review investment horizons and other Lean budget guardrails	Address cross value stream coordination
Metrics/KPIs	Review portfolio metrics and KPIs	Collect portfolio metrics and value stream KPIs
Roadmap	Review portfolio roadmap	Update the portfolio roadmap

Source (Gartner: October 2022)

- **Portfolio Sync** ^{5,6}
 - **Monthly:** Review the portfolio progress to enable the continued flow of value. Vary the agendas of the meeting by focusing on specific topics (e.g., a subset of the backlog, impediments, continuous improvement items).
 - Review the portfolio Epics in different phases of the Portfolio Kanban.
 - Discuss any coordination needs across the portfolio, such as shared bottleneck resources, subject matter experts or dependencies.
 - Collect and review metrics related to KPIs. As LPM manages the investment in value streams, these KPIs provide important feedback to the portfolio.

- **Strategic Portfolio Review** ⁵
 - **Quarterly:** Review results from the last PI and the midpoint of the current PI, including the metrics collected in the monthly portfolio sync events, to determine whether the performance is matching expectations. Based on this analysis, review and update the:
 - Objectives and key results (OKRs) for the strategic themes to reflect the progress made based on customer and market feedback for working solutions, business changes or lessons learned from completed work
 - Epics and enablers needed to achieve the portfolio vision
 - Investment guardrails and funding allocations to ARTs (+/- budget adjustments)

There is a third LPM event known as Participatory Budgeting to determine investments across the portfolio. This discussion is held on a less-frequent basis (e.g., twice per year). Ensure successful adoption of the Portfolio Sync and Strategic Portfolio Review before introducing Participatory Budgeting to your organization.

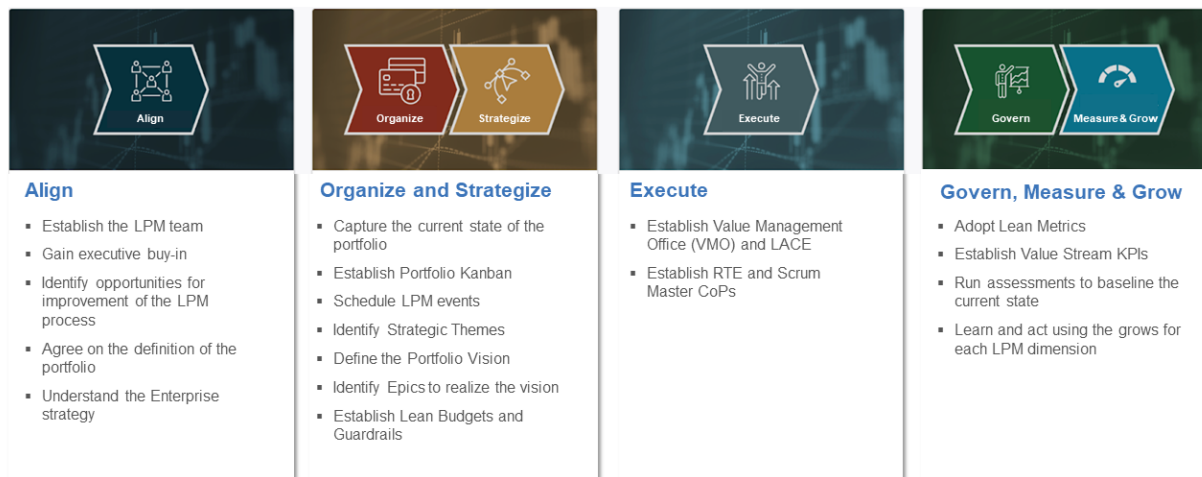
The APMO may play a significant role in all three of these core events. Serving as a collection point for various sources of data, the APMO's ability to synthesize data into insightful and informative metrics and dashboards will be a key input to these discussions. The structure and cadence of these events extend the well-known benefits of lean-agile practices at the team level to governance practices at the portfolio level:

- Monitoring the incremental delivery of value in the context of a complete economic view of investments
- Using rapid feedback loops to have an objective evaluation of working systems
- Creating transparency around the entire body of work and creating continuous flow through WIP limits
- Striking a balance in decision making between those closest to the work and those setting investment guardrails
- Embracing change as an opportunity to refine an approach to maximize organizing around value

SAFe LPM Resources

SAFe offers an LPM adoption roadmap. Each item at the top of the Figure 7 below groups the suggested activities that are beneath it. Although the LPM adoption is shown in a logical flow, it's meant to be adapted for each enterprise and the order of the items is based on your company's context. This means that the roadmap is not a strict sequential series of steps to follow, but a suggested group of activities that will enable the enterprise to achieve a goal in the LPM adoption. For example, the "Align" group has five activities – the result of completing them is alignment. However, not all activities may be required for alignment in a particular company's LPM adoption. Some organizations may implement the tasks in the "Execute" grouping before focusing on the "Organize" and "Strategize" grouping and so on.

Figure 7: LPM Adoption Roadmap



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Evidence

¹ [15th Annual State Of Agile Report](#), Digital.ai.

² [Barriers to Scaling Agile Methodologies](#)

³ [Epics](#), Scaled Agile.

⁴ [Weighted Shortest Job First](#), Scaled Agile.

⁵ [Lean Portfolio Management, Scaled Agile.](#)

⁶ [Applied Enterprise Workflow With the SAFe Portfolio Kanban: An Experience Report, Scaled Agile.](#)

Note 1. Trademarks

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Document Revision History

[3 Steps for Starting SAFe Lean Portfolio Management - 6 January 2021](#)

Recommended by the Authors

Some documents may not be available as part of your current Gartner subscription.

[10 Essential Practices for Success in Implementing the Scaled Agile Framework \(SAFe\)](#)

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Source: Gartner (October 2022)

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Source (Gartner: October 2022)

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