ALL ABOUT THE PRODUCT LTD

PortGenie

Handbook

A handbook for best practice product portfolio definition and management

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A foreword from the authors

Purpose and Scope

We designed *PortGenie* to support businesses to create more compelling and valuable product portfolios through improving their Product Portfolio management activities. It does this by offering a framework around which processes, information management and organizational development activities can be built.

Now by its nature, Product Portfolio Management is an incredibly complex activity in terms of business understanding, organizational impact and strategic importance; *PortGenie* aims to provide clarity and engage the whole organization in a common direction.

We built *PortGenie* as a framework rather than a rigid prescription, so it can be readily adapted to fit with the particular set of circumstances which a business finds itself in and therefore play a role for most product businesses.

Origins of *PortGenie*

We created *PortGenie* based on decades of product portfolio management experience, distilling our key learnings into a form to enable others to reach a state of good practice much faster. Our own experience has taught us that very often mistakes are repeated and best practice learning is lost with organizational transitions. This can cause a huge amount of frustration within the organisation when ineffective practices become the limitation to product and portfolio renewal opportunities.

We noticed that while best practice guides for managing portfolios of *projects* exist, there has been little attention paid for the very important case when the portfolio is made of marketable products and all the additional complexity that entails. Therefore we decided to codify our learnings as the *PortGenie* framework and publish this handbook.

The Authors

We have had real world product portfolio leadership roles managing portfolios of physical products, software products and internet service products. We have defined and implemented Product Portfolio solutions a number of times in different organizational settings.

We founded our consultancy company *All about the Product Ltd* to offer improved solutions for Product Portfolio management and will be happy to assist businesses looking to make improvements.

We wish you the best success with your Product Portfolio Management endeavours.

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PortGenie Benefits

PortGenie is a best practice framework to support the strategic planning and management of a portfolio of products. Whilst ultimately the benefits of a well-managed product portfolio are expressed in terms of business goals such as profitability or sales, these targets alone do not directly lead to the desired attributes of a good portfolio management framework. Instead consider the business operation as a whole and the desirable features of success for some key roles within it:

- Business leader : responsible for the business return as a whole
- Head of marketing/products/development or similar functional head roles
- Product execution people: product managers, marketing managers, developers etc.

Starting with business leaders, the key issues & *PortGenie* solution benefits:

Business leader issue	*PortGenie* solution
Visibility of plan and current status	Provides the visibility through a well-defined information architecture spanning from strategic portfolio design through to target tracking
Control of key decisions	Defines clear milestone & decision points for the definition and delivery of the product portfolio along with governance
Maximise return on business resources	Provides multiple option analysis to help identify the portfolio plan with the best balance of risk and return
Driving Strategy	Planning cycle design captures business strategy and embeds it into a product action plan

Moving to the functional head:

'Head of' issue	*PortGenie* solution
Cross-function working	Facilitates cross function approach through multiple function engagement in portfolio definition and delivery, along with shared targets
Leadership endorsement	Defines a governance framework with business leader in accountable role for strategic portfolio definition
Prioritisation	Portfolio plan provides the means to define product priorities & justify resource allocations to particular products or projects
Balance of long and short term	Strategic planning cycle captures strategy & innovation items as well as short term issues to provide a balanced portfolio
Overall risk	Portfolio definition & delivery processes capture the evolving portfolio risks; Regular portfolio management review cycle provides means to adjust and adapt the portfolio plan to manage risk

Product execution:

Product execution issue	*PortGenie* solution
Prioritisation	Portfolio plan and communications plan provide the means to define and communicate product priorities to all relevant stakeholders
Governance	Provides clear decision points for defining and adjusting the product portfolio – effectively start/stop/adjust decisions for individual products
Cross-function/one team	*PortGenie* requires cross function approach in portfolio design/delivery, placing heavy emphasis on shared targets

PortGenie Elements

Portgenie, like any general business system can be decomposed into three strands: **process**, **people** and **content**. When considering the management of products and portfolios in business, then the closely related terms which describe *PortGenie's* framework are **process**, **organisation capabilities** & **information architecture**:
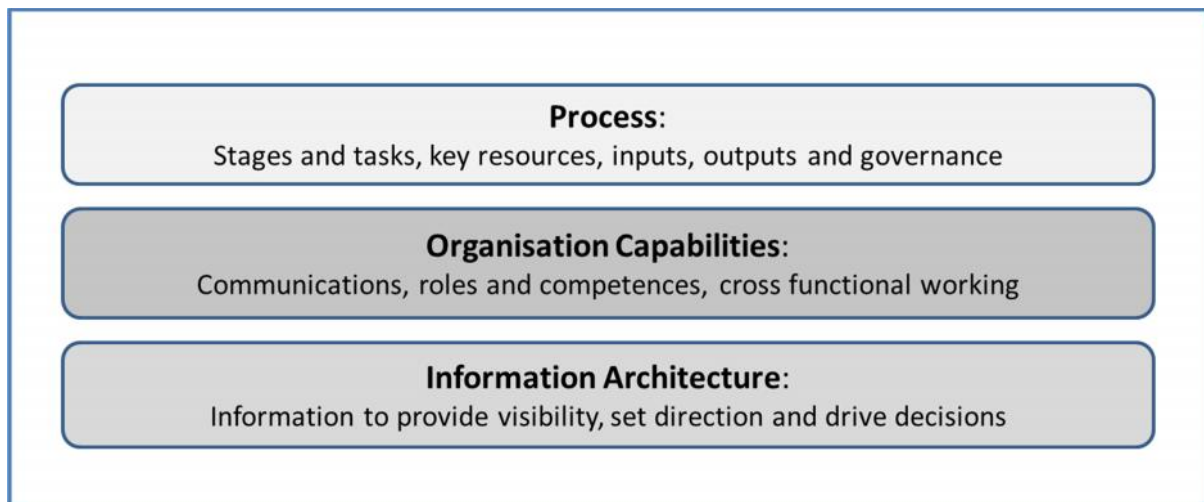

Figure 1: *PortGenie* elements

PortGenie process

PortGenie's process is derived from years' of industry experience managing product portfolios. Like best practice in "portfolios of projects", *PortGenie* contains a strategic portfolio planning or definition phase and a product portfolio management delivery phase.
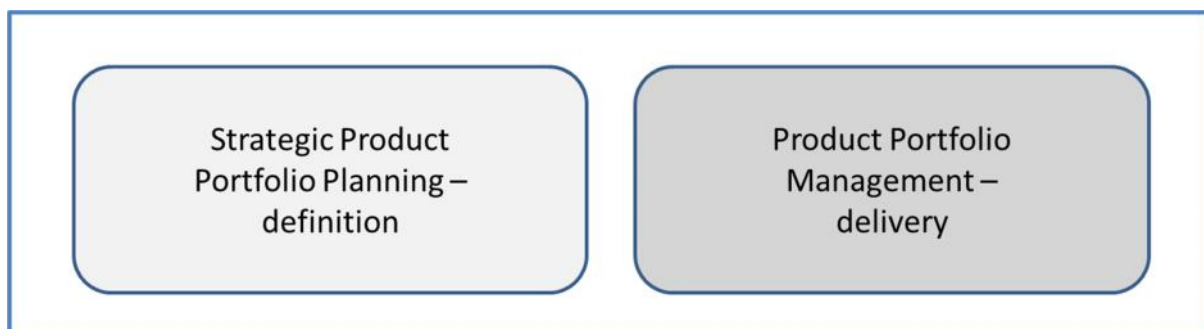

Figure 2: *PortGenie* processes

The *PortGenie* handbook describes the building blocks and governance within each of its main process blocks and how the principle of "options" and closed loop planning is used to build viable & robust product portfolio plans.

PortGenie organisational capabilities

Effectively managing a portfolio of products is poses some unique challenges to a business:

Challenges when managing products as one portfolio
Understanding how customers select between products
Building a consistent and well-structured product offering
Planning and managing when products are renewed/retired
Establishing and managing priorities between products
Driving efficiencies through the use of product platforms
Planning & defining product ranges to deliver strategy and fight competition

PortGenie considers that a well working portfolio operation requires a foundation of certain organisational behaviours and capabilities in order to answer the challenges above:

- Business leader engagement and sponsorship of portfolio
- Transparent communication & shared understanding of plans
- Cross-functional collaboration and modes of working
- Commitment to common targets and measures
- Competence in driving and managing portfolio operations

Experience shows that these capabilities do not always naturally develop within organisations. For example, as businesses scale and become more complex, there is often a lack of time to focus on the new competences required to effectively manage a set of products as one portfolio.

The *PortGenie* handbook describes the key aspects within organisational capabilities and proposes the means for addressing individual items.

PortGenie Information Architecture

Information is key for preparing and executing well-structured decisions within a portfolio operation. Plans and targets need to be shared with the right units and people, so decisions and information communication also has to be considered. Different kinds of information are needed by different teams and the information key to a portfolio operation can change depending on the phase e.g. strategic definition phase versus delivery phase.

The *PortGenie* handbook describes the consideration factors, examples and categorisation of information required to maintain the portfolio operation later in the handbook.
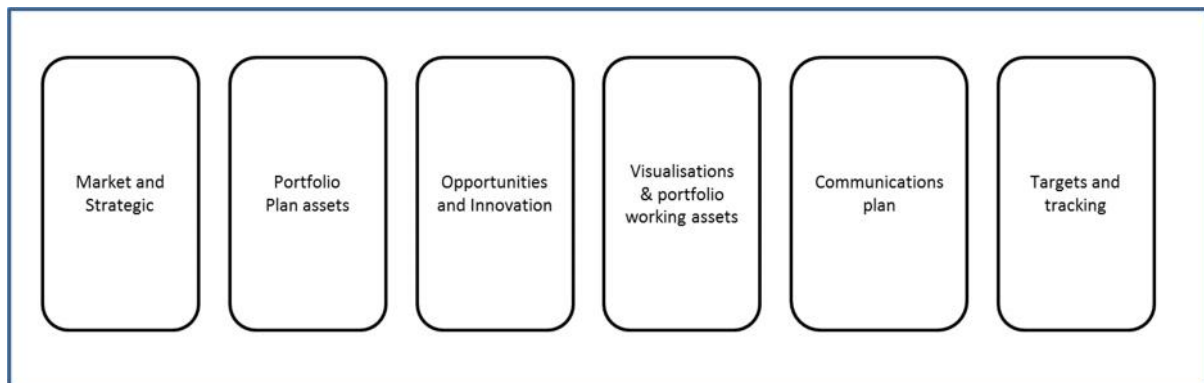

Figure 3: *Portgenie* Information Architecture categories

PortGenie Processes

The process for *PortGenie* is crafted with the following guiding principles in mind:

- Strategic: Product Portfolios are designed to deliver **company strategy,** not simply evolve.
- Adaptive: Product Portfolios need to **track change** in the market, competition, technology while progressing its own product execution Thus two 'gears' are needed to do this tracking.
- Visibility & control: Good portfolio management requires good decisions and these in turn require holistic **clarity** of the current state, likely future trends as well as good timing.
- Innovative: Sufficient Portfolio space should be created to **allow innovation** to thrive.
- Committed: Product Portfolio execution relies upon cross organisational commitment. This in turn is built on **common ways of working** across functions with clear aims.

In the following process sub-sections, the handbook concentrates on the following aspects:
- High level overview of *PortGenie* processes
- Governance and cross-function representation
- Strategic Portfolio Planning project, milestones & key deliverables
- Product Portfolio Management cycle, milestones and key deliverables

High level overview of *PortGenie* Processes

Experience informs that two gears are needed for successful portfolio management, one for capturing and executing strategy and the other to track implementation and topical market conditions.
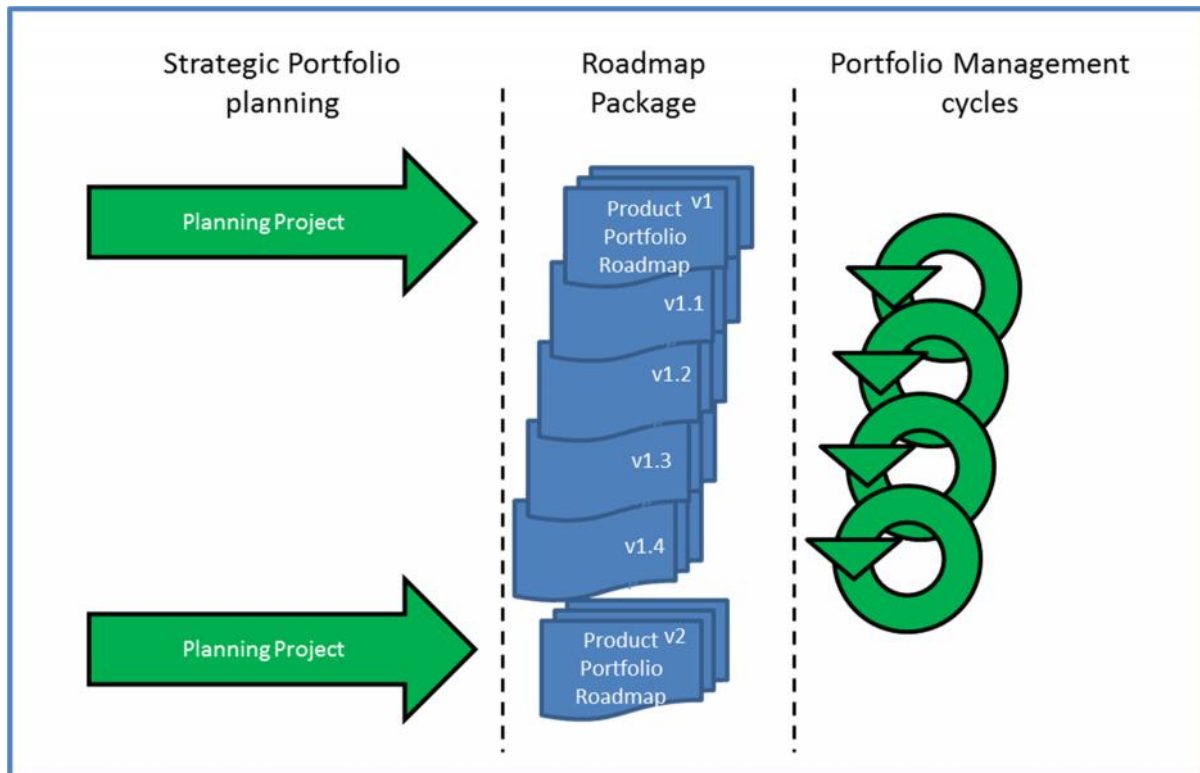

Figure 4: High level view of *PortGenie* process activities

With the ultimate portfolio roadmap decision and communication documents referred to as the "Roadmap Package", figure 4 above shows a high level view of how the package is either created from strategic portfolio planning projects or updated through cycles of the portfolio management process. In either case, the Product Portfolio roadmap plan is a key decision milestone and management review point.

On a practical level, the reason for two different streams to build the roadmap the package is recognising that:

- Significant marketplace shifts are only <u>predicted</u> through taking a focused holistic snapshot. The creation of a product portfolio action plan to drive this kind of shift is very wide in scope, impacts on many functions and reveals many potential options and trade-offs. Consequently the preparation and decision making take longer and are best tackled in a 'project' mode.
- Things change during delivery of a strategic roadmap. The cycle that <u>reacts</u> to change must "spin" fast enough to adapt to internal and external change and so preparation & decision making time become limited. Consequently, the scope for change is also limited.

When the two activities are combined, the company is able to react fast to manage short term business pressures as well as proactively adapt and position for the new strategic and emerging business opportunities. The figure below is an example of how the two activities are interleaved when mapped on to a time base.


Figure 5: *PortGenie*'s Interleaving of Strategic Product Portfolio projects with Product Portfolio Management cycles

In practice, the ratio or number of Product Portfolio Management cycles between each Strategic Portfolio project will vary dependent on the business circumstances and industry sector.

PortGenie processes: Governance and cross-function representation

Most businesses are likely to have likely to have process in place for financial & strategic planning, marketing & sales and product execution. However, to manage a complete product business, a process is needed <u>which links together</u> these different functions.

This process is typically referred to as Product Portfolio Management and therefore can be the most important decision leverage point within the business.
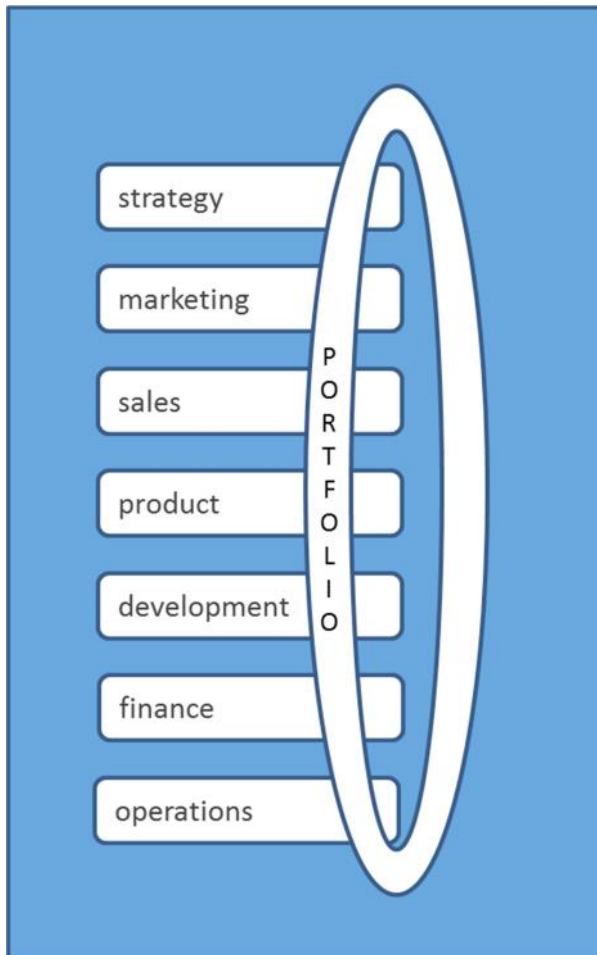
Given that Product Portfolio Management is inherently cross-functional, when it comes to decisions on product portfolio plans, functional area owners want to be consulted on any matters with the potential for impact on their responsibility areas.

Without special attention there can be conflict and so this leads to the important topic of portfolio governance.

Figure 6: Cross functional nature of Product Portfolio Management

Within *PortGenie*, the approach toward governance is shaped accordingly:

- Input from different functional owners adds value in building a "wide enough" view across the business.
- Representatives of different functional owners must be involved & consulted to gain strong internal endorsement and commitment to the Portfolio plans.
- However, Product Portfolio roadmap **decisions** are not a democratic exercise with the senior management/business leader empowered to have the final decision and accountability.

To keep matters simple and flexible enough for most businesses, *PortGenie* considers uses the RACI framework and considers two levels of decision making:

Responsible	Accountable	Consulted	Informed
Actively involved in driving aspects of the process or the creation of deliverables for the process e.g. stakeholder consultations, decision preparation	The decision maker or decision making body; Can deliver initial guidance & business priorities	Most important stakeholders; To involve in gathering input and constructing proposals	Stakeholders to be included in the decision communications

Within *PortGenie*, four key roles are defined for involvement in decision making and facilitation of the portfolio processes.These roles may be combined in in different ways according to the organisation setup.

- Strategic portfolio business leader
- Strategic portfolio process manager
- Portfolio management business leader
- Portfolio management process manager

These roles are described further in the organisational competence section.

Then when returning to the decision making levels :

- A higher level is reserved for both strategic and decisions with the widest functional impact
- A lower level is reserved for decisions involving a smaller subset of functions.

Two examples are given below for the RACI in both cases

Higher level governance e.g. strategic product portfolio milestone	
Responsible	Project facilitator e.g. strategic portfolio process manager or nomination from functional unit Functional units with deliverables e.g. Sales: forecasts Marketing: customer insight Product Execution: product making capabilities & capacity Sourcing/logistics/supplier relations: costs
Accountable	Strategic business leader, typically accountable for business results, the owner of the whole business area
Consulted	Other relevant functional areas e.g. Strategy, Finance
Informed	Other functions e.g. general business support

Lower level governance e.g. product portfolio management decision agenda	
Responsible	Facilitator e.g. Portfolio process manager or nomination from functional unit Functional units with deliverables e.g. Sales: forecasts Marketing: customer insight Product Execution: product making capabilities & capacity Sourcing/logistics/supplier relations: costs
Accountable	Portfolio process manager or nomination from functional unit
Consulted	Other relevant functional areas e.g. Strategy, Finance
Informed	NA or other functions if required

PortGenie processes: Strategic Product Portfolio Planning project

Purpose

The purpose of strategic product portfolio planning is to:

- Build a clear product portfolio action plan that links with the business strategy
- Create a concrete understanding of the opportunity space
- To force decisions on the external market segments to be served with product offerings
- Create and maintain an internal portfolio architecture definition
- To provide a vehicle for championing strategic innovations or managing technology discontinuities
- Create portfolio options offering a diverse set of product, innovation and market coverage balanced against internal capabilities, risk and anticipated business return
- Engage business management in decision making within the available portfolio options
- Confirm capabilities and initiate communication of portfolio roadmap decisions
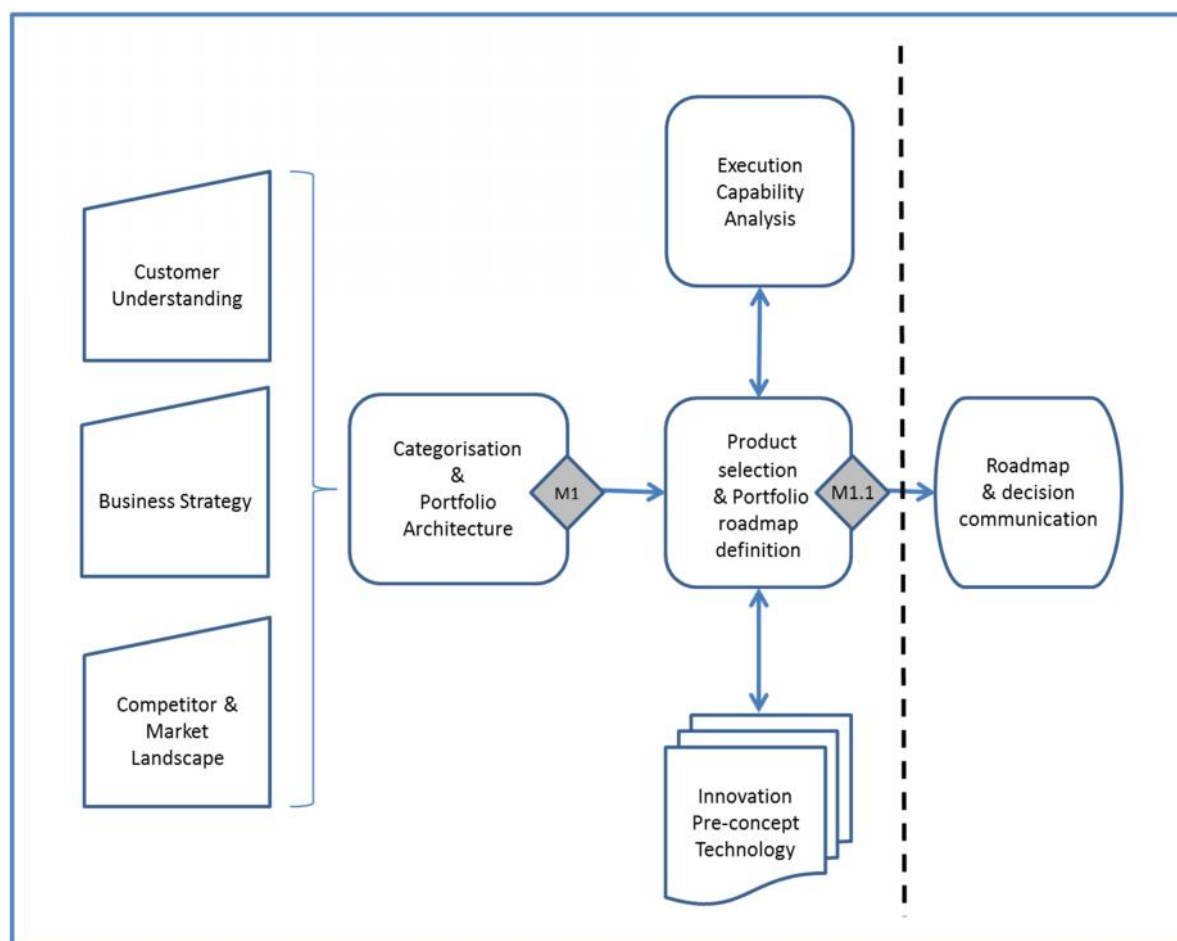

Figure 7: *PortGenie* Strategic Portfolio Planning cycle with milestones M1 and M 1.1.

Process Scope

From business strategic planning through to the creation of a confirmed product portfolio plan.

Process phases

The staging options may depend on several factors:

- The familiarity of the process within the organisation
- The time period since the last strategic product portfolio decisions
- The relative time dynamics of external driven change and internal opportunity creation

In any event, this activity would be run as a cross-function project.
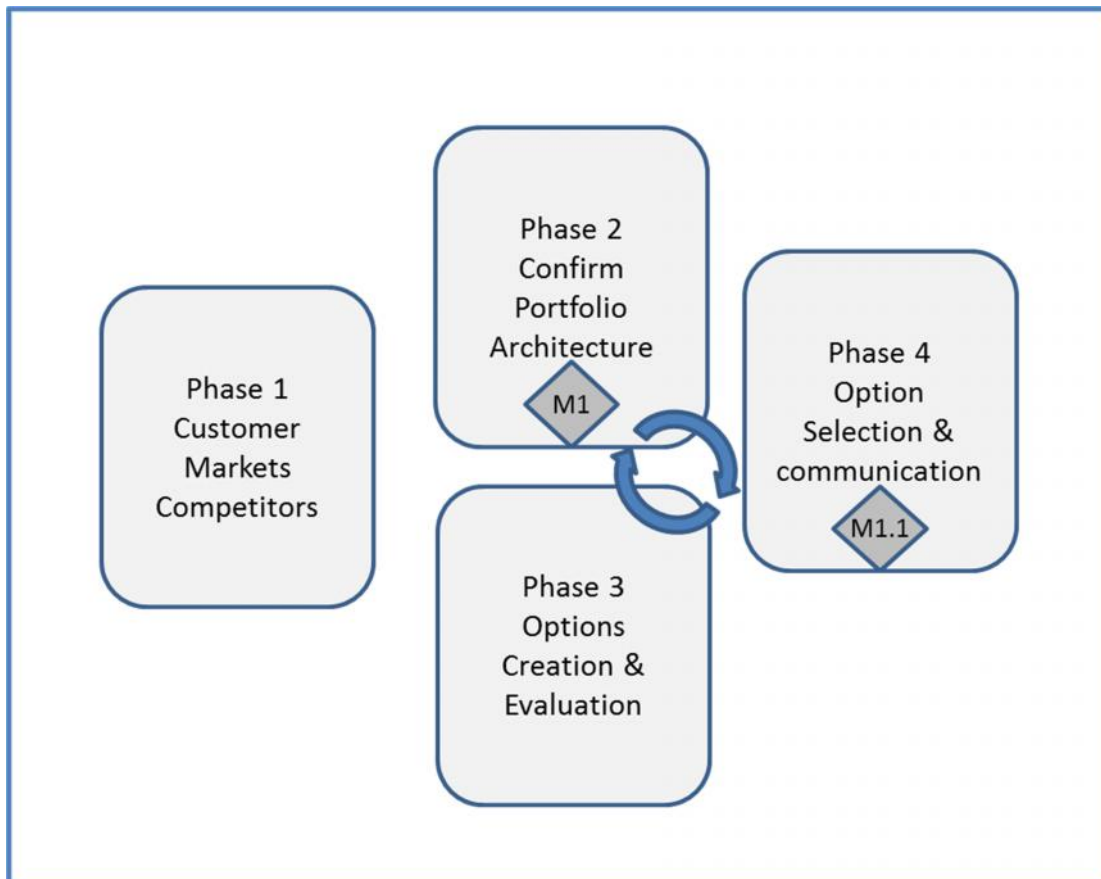

Figure 8: *PortGenie* staging of Strategic Portfolio Planning

A business might choose to run phases 1-4 sequentially if performing this activity for the first time, but the reality is that there is a strong dependency between the product portfolio architecture, the available "options" and the final decision on the product portfolio roadmap.

The duration of the phases and project depends most heavily on the complexity of the business. Experience shows that projects can last 2-6 months, with varying levels of intensity to allow for a depth of insight and portfolio option exploration. Ultimately the project duration depends on the organisation size, scale of product portfolio and market/channel complexity

The project cadence or repeat cycle frequency depends mostly on the external market dynamics and its relation to the length of the pipeline between portfolio decision making and new products

reaching the market. The faster clock cycle portfolio management process (see later) is expected to track some of the market movement.

The key milestones that occur are M1.0 and M1.1.

Phase 1 – external sensing

Key tasks
Whilst the initial phase is mainly about information gathering, and external sensing, it is also seen as the kick-off for overall process. It is therefore an important point for the Strategic Portfolio business leader and process manager to engage the contributors for all the subsequent phases.

The phase comprises of information gathering and synthesis to produce understanding and support segmentation of the external market.

Key actors
Strategic Portfolio business leader for kick off and Strategic Portfolio process manager for ongoing drive/facilitation; Business strategy and representation from functional units involved in external market sensing/sales.

Governance: lower level

Inputs
The information gathering should typically cover:

- *Corporate Strategy Drivers: Distillation of key imperatives and targets for the Product Portfolio.*
- *Market Landscape: Document of documents capturing the value opportunities in the market place and how to reach them.*
- *Competitor Landscape: Analysis of key competitors, their likely actions and strategy to win against them.*
- *Customer analysis: Learnings from research of what creates value for customers and the value of various customer groups.*
- *Technology Landscape: How technology changes and shifts may affect the business*

Outputs
- External market segmentation with customer segment descriptions and identification of key value pockets.

Phase 2 Product architecture and M1 milestone

Key tasks
The second phase is more to do with internal sense making of the external opportunity, linking it to the business strategy and driving decision making. The key activity is to develop an internal portfolio architecture description and to map the external segments. The internal portfolio architecture characterises the external to be served market segments in a way that limits the overall number of product segments or tiers whilst offering high probability of delivering the required business revenue/profit.

Key actors

The Strategic Portfolio process manager leads the work along with support from functional unit contributors with milestone decision from the Strategic Portfolio business leader.

Governance: higher level

Inputs

- Strategic Portfolio Phase 1 external sensing outputs
- Intermediate or working objects from phase 3: Potential mapping options for product segments, evaluation and performance.

Final Outputs

- M1 Milestone decision: approval of Portfolio Architecture
- Internal communications to impacted functions

Phase 3 Option creation and mapping innovations

Key tasks

The third phase builds on the preceding phases by identifying the potential options for building the portfolio to deliver the required business results. The so-called 'options' are different combinations of products and potential innovations.
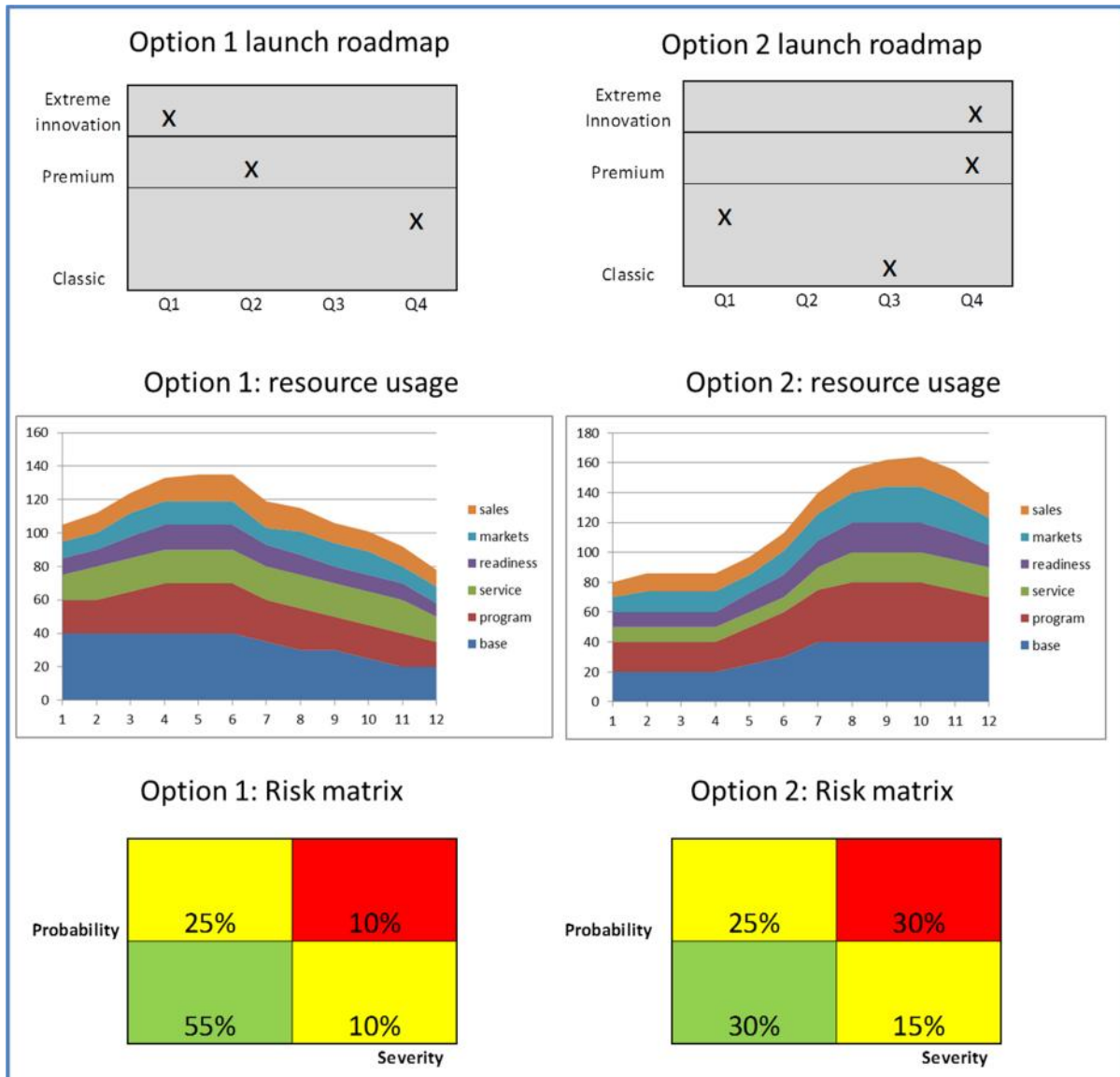
Example: what are PortGenie portfolio options?

Figure 9: *PortGenie* Portfolio options mapping example

The key activities necessary to support the option creation include:

- Capture of the range of strategic innovations or new technologies and discontinuities.
- Maturity validation for the new innovations/technologies to hit the required market window.
- Leverage of customer understanding and segments to construct different yet valid option sets, each filled with "product slots", with some slots for new innovation products and others for the existing lines with minor updates.
- For each option, simulation of the potential business results possible and the execution capacity -shorthand for product making, logistics, marketing and sales - to deliver the required portfolio option.

This latter point is about "closing the loop", ensuring that the portfolio option is potentially deliverable. It should generate estimations of the resource requirements against time and indication

of deliverability risks. It may result in "tweaking" of the option in terms of the time phasing of products to balance headcount and reduce delivery risk.

Key actors

The Strategic Portfolio process manager leads the work along with support from functional unit contributors, especially the product execution functions.

Governance: lower level

Inputs

- Market & strategic: Segmentation, (proposal level) Portfolio architecture, Technology Landscape
- Plans: current Release Plans, Resource Plans
- Opportunities: Innovation pipeline

Intermediate or working outputs

- Plans: portfolio options which are alternate "draft" level Portfolio roadmaps with ranges of risk/return and coverage of the product architecture
- Plans: draft and highest level description of potential products within the set of portfolio options
- Plans: First estimates of the resources and investment envelope to deliver the portfolio options
- Visualisations: risk/reward, profitability, competitive position
- Trade off questions for decision makers.

Phase 4 Strategic Product Portfolio decision milestone, M1.1

Key tasks

This phase is the culmination of the strategic portfolio planning phase leading to decision making on the set of proposed portfolio options and confirmation of the portfolio roadmap.

The outputs of preceding options phase are used to generate discussion & give direction on the most preferred roadmap option. Depending on confidence level, the one of the proposed options is either directly approved as the new roadmap and communications begin or else an iterative period of fine tuning and due diligence on assumptions before approval & communications of the preferred roadmap option.

Within the roadmap, a number of important elements also have to be finalised as part of the communications package and a large part of the activity in this phase is to document these "artefacts".

Key actors

The Strategic Portfolio process manager leads the work along with support from functional unit contributors with milestone decision from the Strategic Portfolio business leader.

Governance: higher level

Inputs

Directly uses outputs from preceding phases e.g.

- Market & Strategic: Portfolio Architecture
- Working outputs & plans e.g. Strategic Portfolio roadmap options

Outputs

- Decision & plans: Approved Product Roadmap plan, key Product milestones
- Communications: Key decisions, Roadmap, priorities
- Plans: Product briefs, Resource plan
- Opportunities: Decision on strategic innovations included in Portfolio roadmap & updated Innovation Pipeline
- Tracking: Key financials & other KPI Targets; Portfolio risk evaluation

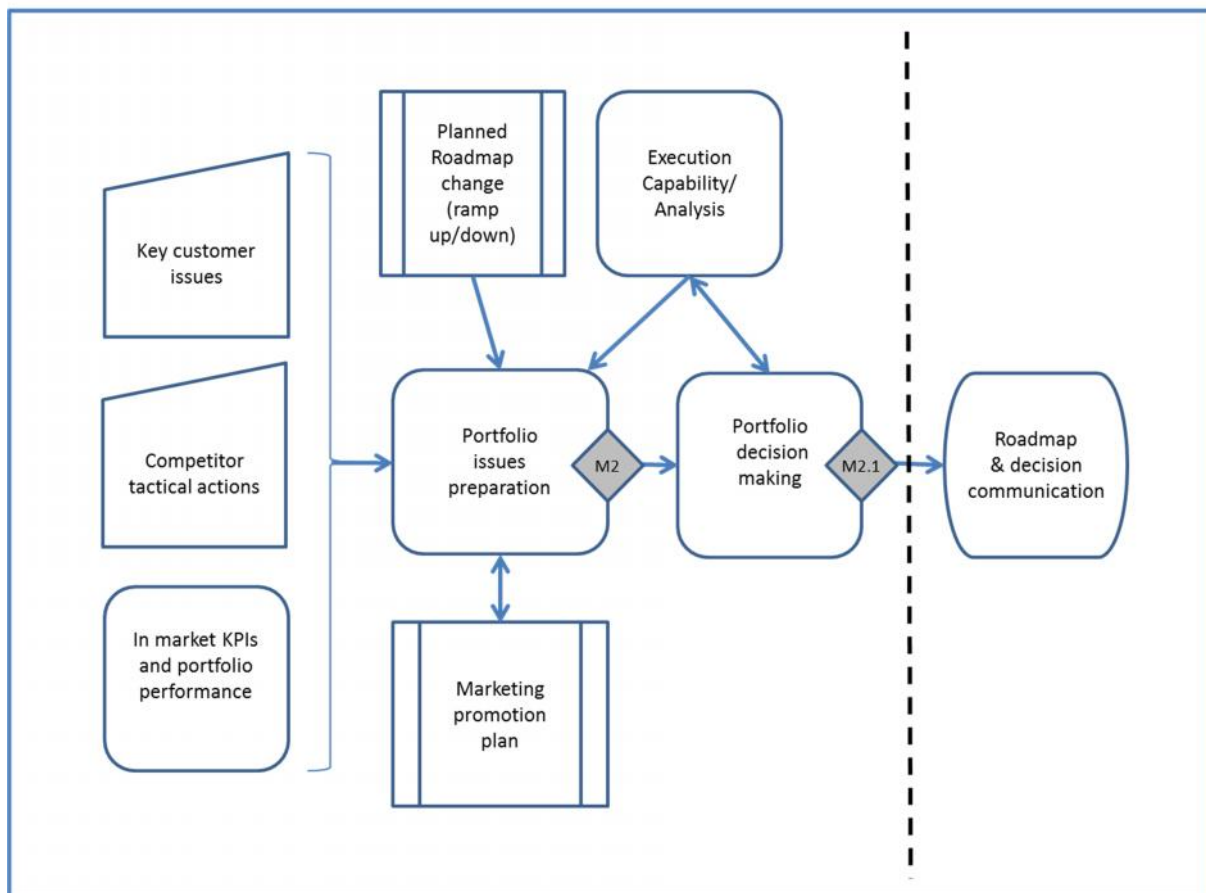## *PortGenie* processes: Portfolio Management cycle

Figure 10, *PortGenie* Portfolio Management process

Purpose

Within portfolio management, there is the fundamental need to deal with in-development products and their "launch" along with the in-market products and product ramp-down. The *PortGenie* portfolio management cycle purpose is to enable rapid change to optimise the current business and KPIs including:

- Provision of regular updates on the external customer and market outlook.
- Enforcement of regular reviews of product performance and KPIs against targets to identify issues.
- Engagement of business management in decision making on portfolio change.
- Communication of portfolio roadmap decisions and other artefacts e.g. short term forecast.
- Keep the relevant stakeholders in the organisation well informed on the near term roadmap.
- Plan and execute an orderly ramp down of product.
- Prioritise short term actions e.g. support for major promotion campaigns, planned updates or new product introduction.
- Deal with unplanned issues e.g. in-development product delays or internal capacity problems.
- Prioritise allocation of company resources between activities.

Process Scope

Runs in-between the strategic portfolio planning cycles and provides regular roadmap updates.

Product Portfolio management cycle sequence

The sequence of events in the portfolio management cycle is similar to the strategic portfolio project, but with restrictions on the time available and scope.

- It starts with focussed information gathering on the portfolio performance from an internal and external viewpoint to understand the current issues
- It moves on to decide where to focus in terms of adjustments to the Portfolio Roadmap plan of record
- It prepares an analysis of the proposed changes for Roadmap decision making
- It runs decision making on the Portfolio Roadmap plan and communication of any changes
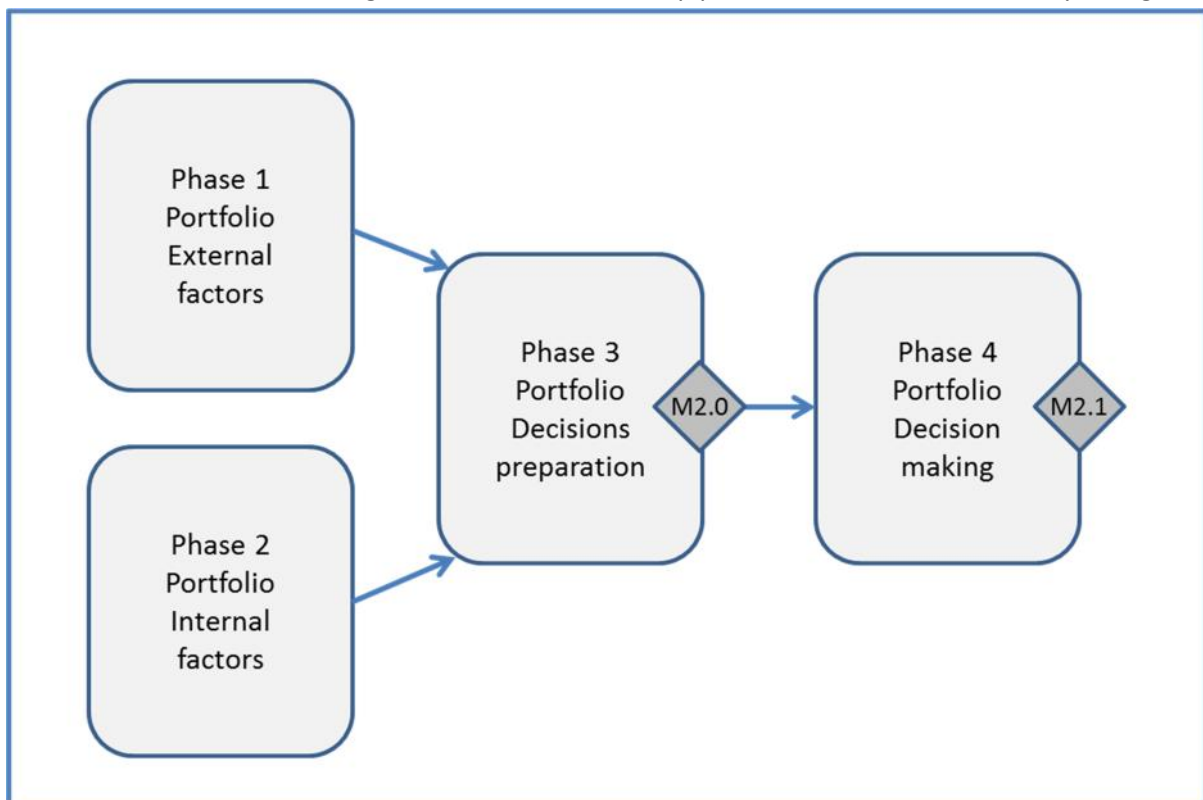
Figure 11: *PortGenie*, Portfolio Management staging

Phase 1 - Portfolio external factors

Key tasks

A major chunk of this work can be in gathering the key portfolio metrics e.g. rolling up product performance and parameters. This work is simplified if the business has been rigorous on adoption of the specified metric and KPI set from earlier roadmap decisions.

This activity mainly concerns information gathering on mainly external events with impact on the portfolio. The step mainly involves filtering the different information according to significance and to deliver an updated business forecast on the anticipated future performance of the portfolio.

Key actors

Portfolio management process manager for ongoing drive and facilitation along with representation from functional units involved in external market sensing & KPIs e.g. marketing, sales & finance.

Governance: lower level

Inputs

- Market: competitor actions e.g. launches/ pricing
- Market: customers e.g. key customer adoption of solutions, product feedback, channel pricing outlook
- Tracking: key financials and externally driven KPIs e.g. Volume, revenue, profitability, customer acquisition

Outputs

- Tracking: Summarisation of external issues with top commercial impact.
- Tracking: Portfolio performance against own plan and anticipated forecast/outlook

Phase 2 - Portfolio internal factors

Key activities

This activity is mainly concerned with exposing and understanding the latest risks and issues with the portfolio plan of record and updating the portfolio risk maps.

Key actors

The Portfolio management process manager leads the work along with support from functional unit contributors, especially the product execution functions.

Governance: lower level

Inputs

- Plans: Existing portfolio roadmap plan of record with planned product launches and product retirements
- Plans: Resources snapshot focussing on execution capacity versus commitments
- Tracking: Measurement against internal driven KPIs
- Tracking: Latest top level estimates and issues from programs spanning across product, go to market and lifecycle activities and their impact to the portfolio

Outputs

- Tracking: Summarisation of internal issues with top impact to the Portfolio Roadmap plan or indirectly impacting the business performance of the portfolio
- Plans: Updated product briefs and proposals for change to programs

Phase 3 - Portfolio Management decision preparation & mini- milestone M2.0

Key activities

The core of this activity is to synthesise the external and internal factors impacting the existing portfolio plan of record and look at focussed options to re-balance the portfolio in terms of performance or risks. The ultimate goal is to simplify the follow on portfolio roadmap decision

meeting so that a manageable set of issues, decisions and impacts can be dealt with, without attempting to re-architect the whole portfolio in every roadmap meeting.

The focussed options might include: early ramp down of in-market product, cancellation of in-development product, delay to planned launch of product, initiation of new product development or the addition of life-cycle updates to selected in-market products.

The proposed roadmap changes or change options must be validated against capabilities to ensure viability of the approach along with simulation of the impact to business performance.

Key actors
The Portfolio management process manager leads the work along with support from functional unit contributors, comprising both product execution functions and market sensing functions.

Governance: lower level

Inputs
- Tracking items (external & internal risk/issue summarisation, KPIs & performance against own plan) and plans (proposals for program revisions)
- Opportunities: e.g. for product variants/variation outside the existing plan

Intermediate/Working
- Visualisations: iterations of Portfolio Roadmap options with risk/return

Outputs
- M2.0: Approval of the decision agenda for the Portfolio Roadmap Management meeting
- Communications: Invites and Agenda for the Portfolio Roadmap Management meeting
- (Working) Plans: Proposals for key decisions for the next roadmap meeting e.g. Portfolio Roadmap adjustments, resource estimates for options, product brief adjustments etc.
- (Working) Tracking: Impact of alternate Roadmaps to KPIs, risks and financials

Phase 4 - Portfolio Management decision making & milestone M2.1

Key activities
As with the strategic portfolio planning milestone M1.1, this step confirms the decisions on the set of proposals for the portfolio roadmap. The outputs of the preparation phase are used to generate discussion & direct decisions on the most preferred roadmap option. Depending on confidence level, the one of the proposed options is either directly approved as the new roadmap and communications begin or else a phase of fine tuning and due diligence on assumptions before approval & communications of the preferred roadmap option.

Key actors
Portfolio Management business leader for decisions, the Portfolio Management process manager for driving the activity along with support from key functional unit contributors.

Governance: higher level

Inputs
- Directly uses outputs from preceding preparation phase.

Outputs

- M2.1 approval: Decision on adjustment to the Portfolio Roadmap plan e.g. identifying a limited number of products to change either by specification, launch schedule, market coverage, cancellation or ramp-down
- Plans: updated Portfolio Roadmap plan and dependent plans e.g. product, go to market or lifecycle programs
- Plans: updated resource plan and product briefs
- Communications: authorise sharing of appropriate versions of the updated Roadmap to stakeholders along with adjustments to Roadmap priorities
- Tracking: adjustments to the financial or KPIs; adjustment to portfolio risk appetite or risk management

PortGenie Organisational Capability

A successful implementation of *PortGenie* requires commitment, understanding and skills from the organisation. Therefore *PortGenie* provides a number of tools to help the organisation meet the challenge of implementing a systematic product planning process.

Any Business implementing *PortGenie* needs to address the following organisation issue areas:

- Roles and responsibilities
- Communications
- Generating Organisational Commitment.
- Training and competence development

Roles and responsibilities

To support the implementation of *PortGenie*, the following role descriptions are provided:

Role	Description
Strategic Portfolio Business Leader	Responsible for delivering decision making in the Strategic Portfolio Planning Process. Should be a senior management role with strong influence in the organisation to act as a sponsor.
Strategic Portfolio process manager	Responsible for executing the strategic portfolio planning process. This role is that of a program/project leader with good competence in the practices of product portfolio management.
Portfolio Management Business Leader	Responsible for delivering decision making in the Portfolio Management Process. Should be a senior management role with strong influence in the organisation to act as a sponsor.
Portfolio Management Process Manager	Responsible for the execution of the Portfolio Management Process. This role is that of a program/project leader with good competence in the practices of product portfolio management.
Functional Collaborator	Represents their function in *PortGenie* processes.

The proposed split of responsibility between the Strategic Portfolio process and the Portfolio Management Process is to recognise that in some cases the levels of governance may be different and/or workload issues may prevent a single person taking both roles. However it is recognised that in many cases the Strategic Portfolio roles and the Portfolio Management roles may be taken by the same people. Therefore on implementation of *PortGenie* an assessment should be made of the governance requirements and also the operational load of implementation to determine if these roles should be combined or operated separately.

It should also be noted that although the role of the 'business leader' is to deliver decision making, it does not mean that the role takes all the decisions personally. In many cases the role

is responsible to ensure that top management is briefed and prepared for decision making – often as a collective 'board'.

The role of a functional collaborator is to represent their function in the process, acting as a single point of contact interfacing the process and the function. In addition to actively supporting the *PortGenie* processes they have the role of developing commitment within their own function and keeping functional management solidly in the loop.

Generating Organisational Commitment

A key objective of *PortGenie* is to bring all company functions together into a single committed Portfolio Plan. To execute the portfolio with full impact it is vital that each function genuinely commits to execution of the common plan. The key elements put in place to build this commitment are:

- Direct functional participation via the 'Functional Collaborator' roles built into the process.
- Strong sponsorship from the process Business leader.
- Clear and active communications of decisions, portfolio level progress and vision.
- A common set of targets derived from an integrated cross-functional plan.

The creation of common activities and common targets creates very practical linkage between the functions contributing to the product plan, while active communications and sponsorship should inspire and build emotional commitment to the common plan.

In order to keep organisational commitment to top of the agenda, regular surveys can be made of key stakeholders and progress tracked – such surveys can be facilitated by using commercial tools or internet services.

Communications

One of the key aims of *PortGenie* is to encourage openness and co-operation between the various functions involved in creating, marketing and selling products. A further aim is to ensure that the right information is available at the right time for optimal decision making. However it is often the case that for reasons of confidentiality it is not desirable to make all information available to all people.

The following templates are therefore provided to speed up deployment of *PortGenie*:

- Communications visibility policy
    - Identification of sensitive information
    - Policy of which groups of people have visibility of sensitive information
- Information sharing Practices
    - Regular information sharing practice (monthly/weekly as desired)
    - Decision sharing practice.

Training and Competence Development

For a good implementation of *PortGenie*, it is important that the people in organisation understand what its aims are and how it operates. Furthermore there is need for leadership in implementing and operating the process.

Therefore there are two target audiences identified for training and competence development:

- The 'wider' organisation: The aim for this group is to provide information to enable them to participate in the process. A second aim is to help them understand the merits of using a structured Product Portfolio Management Process such as *PortGenie* and therefore encourage buy-in to the process.
- The expert group: This group are those who run the processes and drive key decision making for the product portfolio. The aim in this case is to encourage a higher level of understanding in order that they are able to make improvements in the implementation of *PortGenie* and also provide them with a better understanding to facilitate better decision preparation and visualisation.

For the wider organisation the following assets are available from All about the Product Ltd:

- Presentation on the benefits of implementing *PortGenie* and pitfalls it avoids.
- Overview presentation (for customisation) of the process implemented, key roles and key timing.
- Overview presentation of the information assets created, their purpose and who maintains them.

For the expert group tailored training sessions can be delivered by *All about the Product* or alternatively one-to-one consultations can be arranged either focused on a particular product or for a general review.

Additionally *All about the Product* produces a number of expert articles to support continuous professional development.

PortGenie Information Architecture

The importance of information for Product Portfolio Management

By its nature Product Portfolio Management needs to have a 'helicopter view' of the market, the opportunity space, the progress of product development and the goals of the organisation. Furthermore this information must be crafted to enable good decision making which controls progress with the Product Portfolio.

The information needed can be described through the following classifications: Market & Strategic, Portfolio Plan assets, Opportunities and Innovations, Visualisations, Communications and Targets/Tracking. Examples of the information maintained in each of these areas are suggested below, however for each implementation of *PortGenie*, it should be carefully considered which documents/measures already exist in the organisation and whether they can be used more effectively for the same purpose. The number of information elements maintained should also depend on the size of the portfolio and the resources allocated to operate portfolio management.

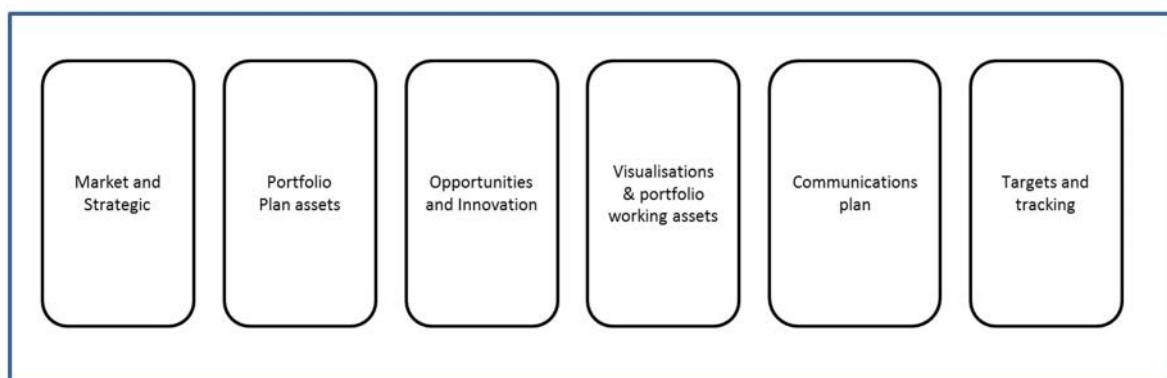| Market and Strategic | Portfolio Plan assets | Opportunities and Innovation | Visualisations & portfolio working assets | Communications plan | Targets and tracking |

Figure 12: Information asset classification groups

The format of the information created may be as simple 'office' documents or may use a specialist portfolio management tool. This choice will depend on several factors including: the size of the portfolio, which other tools are in use within the company and simply the level of expected benefits from using a specialist tool. It is especially recognised that the costs of implementing specialist tools may be particularly relevant for the communications of portfolio information section.

Information Categories and Examples

Market and Strategic
Purpose: Keep a record of strategic analysis and decisions.

Creation: Created in the Strategic Portfolio Planning Project and used as the starting point for each subsequent iteration.

Distribution: Limited distribution due to commercial sensitivity. A special communications version can be made for internal/external briefing.

Approval: Top level governance body approve the document.

Format: Typically Office documents of various types.

Key Examples:

1. Corporate Strategy Drivers: Distillation of key imperatives and targets for the Product Portfolio.

2. Market Landscape: Document of documents capturing the value opportunities in the market place and how to reach them.

3. Competitor Landscape: Analysis of key competitors, their likely actions and strategy to win against them.

4. Technology Landscape: How technology changes and shifts may affect the business.

5. Customer analysis: Learnings from research of what creates value for customers and the value of various customer groups.

6. Portfolio (product) strategy: Document recording the strategic choices taken to drive the design of the product portfolio. Also will set the strategic goals in measures appropriate for the product portfolio. Note this document does not replace any corporate strategy documentation.

7. Segmentation: Record of how the company chooses to segment the market opportunity.

8. Portfolio Architecture: Plan of how product categories/tiers will be aligned with the market segmentation taking into account how the customer selects products and the company product strategy.

Portfolio Plan Assets

Purpose: To demonstrate how the portfolio is delivered.

Creation: Initially created in the Strategic Portfolio Planning Project and updated during the portfolio management phase.

Distribution: Limited distribution due to commercial sensitivity. A special communications version can be made for internal/external briefing.

Approval: Dependent according to the level of the plan.

Format: Planning tools or Office documents.

Key Examples:

1. Product Roadmap: Master plan of the Portfolio intent. Initially created in the Strategic Planning Project but continuously maintained and released.

2. Release Plans: Short term high granularity product release information.

3. Program & Project Plans: Whilst it is assumed that projects and programs have their own processes, at least the top level plans should be visible within the Product Portfolio Management information system.

4. Product briefs/specifications: For each product there should be an evolving document which starts from the Portfolio Architecture to set targets for the product and as development proceeds captures the detailed realisation of the product.

5. Resource Plans: Forward plan of how company resources (people and other) are used to determine capacity of development, marketing, production, sales etc

6. Go to market Plans: Plans for the launch of new product.

7. In market Lifecycle Plans: Plans for the on-going positioning, modification and removal of products in the market already.

8. Portfolio targets: A description of the targets of the portfolio which will be tracked and measured.

Opportunities and Innovation

Purpose: To keep a consistent record of new opportunities and innovations identified but not put into planning.

Creation: Initially created in the Strategic Portfolio Planning Project and updated during the portfolio management phase.

Distribution: Limited distribution due to commercial sensitivity.

Approval: Portfolio Management Team.

Format: Planning tools or Office documents.

Key Examples:

1. Innovation Pipeline or list: In the case where innovation is actively managed a Pipeline or Roadmap may be separately maintained. With less established innovation practices a simple prioritised list may be maintained instead. Opportunities created by technology shifts and changes should be captured here.

2. Variant Opportunities: Identified versions of existing products which can be made but outside the current plan.

Visualisations & Portfolio working assets

Purpose: To present information in a format which enables better tracking of business performance or enables better decision making. Visualisations require additional effort from Product Portfolio Planning activities.

Creation: Either created or maintained on an on-going regular basis if needed consistently or else created for a key decision.

Distribution: Limited distribution due to commercial sensitivity.

Approval: Dependent according to the level of the plan.

Format: Planning tools or Office documents.

Key Examples:

1. Risk/Reward diagrams: To aid with product selection and monitor the on-going sense on continued development/marketing.

2. Profitability diagrams: Evaluation of how effectively the portfolio is taking value from the market opportunity space.

3. Competitive Position: Illustration of how the company is performing versus key competitors

Communications

Purpose: To communicate intent, status and decisions to key stakeholders who may be inside the organisation (internal) or outside the organisation (external).

Creation: Dependent on the content, either driven by a decision event, a product event or by the calendar.

Distribution: Targeted distribution according to purpose.

Approval: Dependent according to the communication.

Format: Office documents or levels of visibility in a planning tool.

Key Examples:

1. Communications Visibility Policy: A document detailing the communications approach for the portfolio.

2. Plan/Roadmap sharing: Selected release of information for the particular target audience – internal, key partners or public.

3. Key decision communications: Can be regular (for instance monthly according to Portfolio review timing) or driven by events.

4. Product Strategy Communications: Can be internal or external version of the master product strategy with information crafted for the needs of the audience while preserving confidentiality where it is important.

5. Communications of Priorities: Communications usually for an internal audience informing them how they should prioritise efforts.

Targets and Tracking

Purpose: To measure progress of the Product Portfolio Plan against important metrics and therefore detect deviations/enable new actions.

Creation: Key targets identified as part of the strategy project, tracking results delivered periodically (typical monthly) dependent on the clock speed of the business.

Distribution: Limited distribution due to commercial sensitivity. A special communications version can be made for internal/external briefing.

Approval: Dependent according the sensitivity of the parameters being tracked.

Format: Planning tools or Office documents.

Key Examples:

1. Key financials: Especially for cases with a strong in market product line up. Internal costs should also be tracked.

2. Measurement against Key Performance Indicators (KPI): Used particularly when progress is not so measurable by financials.

3. Risk Evaluation: On-going measure of the overall risk level of delivering the Portfolio Plan, intended as early warning of problems. Including risk logging.

Performance against own plan: Measure of how well the Portfolio Plan is being executed over time. May trigger new actions or be used simply as a measure for process improvements.

PortGenie Implementation

Customisation

The very broad organisational scope of product portfolio management means that there are few occasions when *PortGenie* should be implemented without customisation to fit within the existing processes and organisational structures. *PortGenie* has been defined therefore as a framework rather than a tightly defined process.

As a project-based approach, the Strategic Portfolio Planning element of *PortGenie* can be more easily implemented without significant changes than the Portfolio Management cycles. For this reason in addition to the need to link strategy to the portfolio plan, it is recommended that Strategic Portfolio Planning is implemented first. Doing this and demonstrating the value of a well thought-out portfolio plan can also build organisational buy-in for the overall change process.

The Portfolio Management cycles mesh more closely with other processes which may be existing such as product development processes, leading to the need for clarification of the scope and interworking between these processes. Therefore in virtually all cases the skeleton process detailed here should be built upon.

Governance elements should also be customised to fit with the existing governance structures as much as possible, since this makes it more likely to succeed.

Organisational Change

Implementation of *PortGenie* will represent a significant change in any organisation and therefore its introduction should be managed carefully to ensure its benefits are properly realised. The section in this manual on organisational capability points to some of the 'soft elements' which need development in addition to the implementation of process. Care should be taken to ensure that not only is the process change sponsored actively by senior management but also understood from a 'grass roots' perspective.

Implementation Support

In addition to being the authors of the *PortGenie* process, *All about the Product Ltd* offer services to support the introduction of structured Product Portfolio Planning in a business. While we have endeavoured to capture the major lessons from decades of Product Portfolio leadership in *PortGenie*, there is much more that can be offered in a working engagement. Services offered by *All about the Product Ltd.* include customisation, introduction and facilitation of *PortGenie*.

Additionally the *All about the Product* blog provides insight into the background of *PortGenie* as well as articles exploring various aspects of Product Portfolio management. The blog may be accessed via the web site: www.allabouttheproduct.com.