

Product Development Portfolio Management: Picking Flowers in the Dark

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Project prioritization is the most difficult part of product development portfolio management. This is because portfolio managers and senior managers govern the portfolio tend to make things up as they go along. Why not? Somebody has got to figure out what's higher in priority and what is lower. It might as well be whoever is looking at the bubble charts, bar charts and pie charts.

Unfortunately, most organization face two big challenges with project prioritization. First, the strategies of the product lines with projects in the portfolio tend not to be clearly communicated. Plus, more often than not, product line do not have detailed roadmaps for executing strategy. This makes figuring out the priorities of projects a bit like picking flowers in the dark.

Second, most portfolios are only a collection of projects within a development process, like stage gate projects or agile development projects. This means that front end activities, technology scouting work, lean startups and intrapreneurial projects will not be reflected in the portfolio. Yet a significant proportion of the prospects for future growth falls into these non-included categories. What makes this problematic is that by total count, most projects within a portfolio are defensive or catch-up in nature, not proactively in pursuit of organic growth.

The combination of these two big challenges relegates portfolio management to a short-term, project management orientation. Thus by its very nature, product development portfolio management can exacerbate the issues and concerns regarding the overall business strategy of any organization. Why? Simply because this approach to portfolio management forces the portfolio investment toward near-term incrementalism. No wonder, then, that growth opportunities will fight to remain outside of standard portfolio management practices.

With standard portfolio management, the fact that an organization might have alternative activities for greater innovation does not matter that much. Investments of resource time and development money will ratchet up and squeeze out longer term growth investments. If you plan on retiring in a few years, this may not be a bad thing. However, if you have even a modicum of responsibility for creating a prosperous longer-term future, it can be quite detrimental.

With all that said, here are some recommendations for advancing your organization's Product Development Portfolio Management capabilities and outcome.

1. Toss the notion of portfolio balance. It's meaningless. Instead, ask whether the projects in the portfolio area) on the roadmap of a product line, and b) if each project is date-dependently "critical to strategy?" (i.e., if the project does not complete successfully and on time, the underlying strategy will take a notable negative hit.)
2. Make sure each product line has both a well-vetted strategy and a detailed, clearly understood roadmap of projects that carry out the strategy. Plus, seek a common structure to these product line strategies and roadmaps so that all can be rolled up into an overall view across the whole business.
3. Shift portfolio governance to the roll-up of product line strategies and their execution roadmaps. Emphasize trade-offs between product lines in this practice rather than in the portfolio management of just the projects already in development. Reviews should include front-end projects, plus scouting and investigative initiatives for each product line. Portfolio oversight needs to have a fuller, longer term perspective than just what is in development.
4. Create a business growth portfolio that reflects products lines as a whole, using the aggregate near-term growth or decline of each product line versus the product line's longer-term growth prospects. Such reviews should also include all work and investments that may be geared toward the creation or buildout of completely new product lines. This includes such things as lean startups and intrapreneurial activities.

Each of these points goes much deeper than described here. But suffice it to say that my advice boils down to:

- learning how to create smart and impactful product line strategies and roadmaps, coupled with
- learning the ins and outs of Business Growth Portfolio Management, and
- not being so wrapped up in project portfolio management.

Product Development Portfolio Management will always fall short without smart prioritization. Organizations need to take a bigger view, inclusive of product line strategies and a holistic review of all growth prospects. If you wish for greater gains, you will need to move beyond the incrementalism approach of managing the portfolio of only those projects that are within your development process.