WHITE PAPER

People-Centric Planning

A Modern Approach to Strategic Portfolio Management

TABLE OF CONTENTS

Executive Summary

Over the course of a few years, technological innovation has continued to accelerate, providing capabilities and advantages that would have been unimaginable just a short time ago. The problem is that technology planning and funding continues to look very much like it did 10 or even 20 years ago. These legacy approaches continue to place a strain on businesses, creating inefficiency and waste and stifling agility. This document describes why legacy approaches are so problematic for modern organizations, and it reveals how people-centric planning approaches can help. Continue reading to learn more about this approach and how it can benefit your organization.

Introduction: Technology Funding Approaches of the Past and Present

For decades, technology investments were largely based on projects. Leaders would provide funding for a specific piece of work, one that had a concrete start and finish, and one that received one-time funding. Teams would build a data center, deploy a mainframe, install a server farm, and so on. For each of these efforts, teams would set out to develop plans, get estimates, and ultimately obtain the budgetary approval needed to get started.

For the most part, technology experts would be the ones to execute these projects. The experts were typically highly focused on a specific technology domain, and they could either be sourced from within the company or from an external service provider. If internal teams handled these projects, they would still be operating as a service provider or vendor. Once these experts completed the project, they would move on to the next effort, typically with another team or a different company altogether.

Historically, there has been a divide between the people who were expert on a technology and those who were not. Further, business leaders and technology teams were separated and isolated, whether organizationally, operationally, or both.

For a long time, this approach worked fine. However, now, these groups are operating in a completely different world; a world in which technology is inextricably interwoven with the business. For virtually any business, in any industry, business performance is critically dependent upon software and hardware to fuel all critical business services and processes. Over time, the distinction between the applications and technologies that support the business and the business itself have continued to blur, if not completely disappear.

The Challenges of the Status Quo

The problem is organizations have not changed their approaches to funding technology for decades. Business leaders are accustomed to funding specific deliverables with well-defined time frames and holding teams or vendors to account if those commitments are not met.

This exposes a fundamental disconnect. Technology-powered services are now, and will remain, integral to the business. If an application is critical to a business, it is not something that can be treated as a one-and-done project. Teams do not just deploy the application and move on. They need to continue to support and improve the application, and these enhancements will be integral in fueling ongoing business success. Further, these enhancements will need to continue for as long as that application serves the business. It is not just that traditional approaches are not aligned with the reality on the ground, they also create waste and stifle agility.

Even within many large, successful enterprises, leaders continue to confront the futility of detailed, project-based planning. They will see teams across business units making the massive investment in time and money that is required to establish a strategic long-term plan, for example, an entire fiscal year.

Typically, not long after the plan is approved and definitely before the first quarter has elapsed, a significant percentage of the plan's deliverables have changed for one reason or another, and teams need to turn to a significant amount of work that was not part of the original plan. Further, when these new projects arise, teams have to start again in terms of obtaining new work estimates, getting budgets authorized, obtaining funding approval, and so on.

Because of the financial ramifications of changing plans, financial people have to be involved in deciding whether to approve the change, but they typically do not know the domain enough to truly understand whether the change makes sense. Business leaders might ask questions but will not have the expertise to truly evaluate the responses they receive, or be in a position to provide helpful guidance. At best, these approval cycles add significant delays. At worst, they mean high-value efforts might be declined or that low-value efforts are approved.

In short, teams spend a massive amount of time developing a plan that will never be fully executed and they incur even more effort, lost time, and inefficiency when the plan changes.

These constant obstacles beg a fundamental question: *Why keep working this way?*

The Solution: People-Centric Planning

The scenarios outlined previously make it painfully clear that technology funding and planning approaches need to go through a fundamental shift. According to a Gartner report, by 2025, 70% of digital investments will fail to deliver the expected business outcomes because of the absence of a strategic portfolio management approach (www.broadcom.com/company/industry-analyst-report/gartner-top-trends-for-strategic-portfolio-leaders-for-2023).

In essence, organizations need to move from funding work to funding people, and from managing projects to managing products. Here are some of the key characteristics encompassed by this shift:

- Teams are given persistent, long-term funding.
- Teams are organized around products or value streams, rather than siloed departments.
- Teams work toward common, business-level objectives.

Stumbling Blocks

In the following sections we outline some of the obstacles that can stifle teams looking to make the move to people-centric planning.

Legacy Accounting Standards

Fundamentally, accounting standards are still stuck in the 20th century. Capital credits and R&D credits are a part of old models, and serve to disincentivize the move to people-centric planning.

Teams do not have time to catalog work—they are too busy working. However, if they do not catalog their work, their organization cannot account for it. Until those models change, it might be that some companies opt not to make the move to people-centric approaches; financial disincentives might be too big of a barrier.

Overreliance on Manual Data Collection

Metrics are critically important. Metrics provide guidance and help different teams validate that they are moving in same direction, and that they are making progress towards key objectives. However, under legacy models, the reality is that many leaders will chase data because they want the illusion of control.

There is the well-worn saying about that fact that *you cannot improve what you cannot measure*. The idea is that if leaders get really detailed information on what is happening in the organization, they can measure activity and progress and so control it. While measurement is key, it does not equal control.

This reality is compounded by the fact that many teams are over reliant upon manual data collection. Consequently, teams spend a lot of time and effort collecting information that is not necessary, data that leadership cannot really do anything with. Teams tend to grow increasingly frustrated, feeling like they are spending more time reporting on work than they are on actually doing work. Typically, manual reports are out of date as soon as they are produced.

For their part, leaders receive information, but do not necessarily have the time or expertise needed to make suggested improvements or advise on how things should be done differently.

Lack of Trust

People-centric planning requires trust. In moving to this approach, leaders need to be able to trust people to do the right thing.

These are teams of skilled technology workers, and the business relies on their knowledge and expertise. Leaders have to be able to trust that they will apply their knowledge effectively to the work at hand.

For those with a long track record of funding projects and work, this can be a difficult change to make. In this area, it is important to underscore that, if leaders cannot trust their teams, they have bigger problems. These teams are the ones working on developing, enhancing, and protecting the critical applications that customers and the business rely upon. If leaders cannot trust these teams, how will they know disgruntled staff will not exploit sensitive data, sabotage critical functionality, or divulge sensitive intellectual property?

Key Principles for Successful People-Centric Planning

The following sections offer key principles that enable teams to successfully employ people-centric planning.

GOVERNING INNOVATION

THE PROBLEM

Within some organizations, governance has acquired a negative connotation. People tend to view governance as an impediment, creating extra steps that slow down progress and make tasks more difficult.

The reality is that most leaders have been forced to make hard trade-offs in balancing demands for governance and innovation. This is very much the case in the context of technology planning. Having a top-level decision-maker review the funding for each scope change might serve to protect the business from some risks, but it also might slow the business to crawl, which poses its own risks.

In the past, teams pursuing a traditional project approach would typically have some form of documentation that details costs and the deliverables being received for a given expenditure. When you start funding people, how do you ensure you are getting value for the money being spent?

Previously, tech teams were effectively only tracking IT metrics, reporting on whether they delivered on time and on budget. The reality is that these metrics did not align with business metrics, such as sales, revenues, profit margin, and so on.

The analogy is like that of a factory. The assembly team can have success gauged solely on the number of widgets delivered. However, this metric may not have any bearing on the manufacturer's business fortunes. For example, whether the factory delivered 500 or 5000 widgets a day might be academic if none of the widgets produced meet required specifications or quality standards. Given these realities, it is clear leaders need to take a different approach to governance to succeed with people-centric planning.

THE PEOPLE-CENTRIC PLANNING APPROACH

Instead of focusing on work and specific, granular requirements, leaders need to give people key metrics, and offer them the autonomy to determine the best way to achieve those metrics. This can be viewed as a trust but verify approach. It is vital to establish visibility into what people are doing, and how it affects the business. Leaders need to be able to track value in real time, using one set of metrics.

With the continued interweaving of business and IT, teams need to move to tracking a single set of metrics, specifically business metrics. These metrics can take different forms, but most critically they will provide a gauge in terms of value. All that ultimately matters is that business metrics are moving in the right direction and that technology is contributing to that.

This approach creates directional alignment. For example, in a bank, a key business metric would be new account acquisition, which ties directly to assets under management and revenue. Tech initiatives can fuel improvements in this metric, but they might not necessarily have a direct impact or be the sole factor to affect this outcome. For example, a key technology initiative might be delivered successfully but the acquisition metric might still drop because of macro-economic factors. Leaders need to make judgment calls and ultimately want to make sure it makes sense conceptually.

BENEFITS

By employing people-centric planning, leaders and teams can realize these advantages:

- Establish improved visibility and insights, empowering people throughout the organization to make better decisions.
- Improve trust between teams.
- Minimize business risk.

ALIGNING TECHNOLOGY WITH BUSINESS

THE PROBLEM

In today's fast-changing business environments, priorities and requirements shift constantly, and project scopes are ever expanding. Business stakeholders do not get what they want, need, or request. A big part of this problem can be tied back to incentives.

Over the years, technology teams' performance has been measured based on performance characteristics such as the lack of bugs or system resilience. Teams receive praise, or at least are left alone, when releases do not break and do not have bugs—but there is no shortage of fingers being pointed when problems arise.

Meanwhile, business stakeholders keep asking for enhancements that introduce the risk of all those things coming into play.

This fundamental tension causes misalignment, miscommunication, and confusion among both technology and business teams. All too often, the technology team is viewed as the problem. When there is misalignment, technology teams will often hear a range of complaints: "The tech team never delivers;" "We never get what we need;" and "We are never sure when functionality will be delivered."

By establishing the innovation governance capabilities outlined above, teams can begin to combat this misalignment. However, once common metrics and governance is established, the next obstacle to arise will be around timing.

That is because siloed teams are prioritizing work based on different criteria. Business leaders will say a feature is needed by Q1, and technology leaders will say it cannot happen until Q3.

THE PEOPLE-CENTRIC PLANNING APPROACH

People-centric planning enables teams to avoid these conflicts and disconnects. Through this approach, teams create value streams that fuse business and IT staff, who have one set of shared goals.

Respective leaders need to prioritize according to negotiated agreements between business and technology. The trick is to strike the right balance between addressing business priorities and backend, technical and architectural priorities.

In these cases, it can often be helpful to negotiate percentages, with the goal of striking a balance among various types of work. For a given quarter, the agreed upon mix could be 20% of time focused on defect resolution, 40% on new feature development, 20% on addressing technical debt, and 20% on discretionary work.

Next quarter, leaders will have a similar conversation, adjusting the mix as needed. To make this work, business and technology leaders have to have a good working relationship. There has to be some give and take and an understanding and trust that each side will be reasonable.

BENEFITS

Through people-centric planning, teams can establish tighter alignment. When teams are aligned around value streams with common objectives, they are better able to connect strategy with work, reduce unnecessary friction, and foster deeper collaboration.

EMPOWERING TEAMS

THE PROBLEM

For most businesses, decision making has been largely top down in nature. The problem is that this centralized power is slow and inefficient. Under the control of rigid corporate governance policies and processes, teams cannot do what is needed when it is needed.

Particularly in today's environments, it is impossible for a single central authority, whether that is a leader, leadership team, center of excellence, or any other single entity to react quickly enough for every different group they are responsible for.

This reality is underscored in a number of ways. For example, when a team receives funding for a project. When things change, whether due to a project being scrapped or paused, those funds need to be reallocated to a different project. To do so, staff have to go back to a central authority, make a request, wait for a response, follow up with additional details, and so on. The process is too slow, inefficient, and time consuming.

Further, in large enterprises, this type of example is being repeated across hundreds or thousands of different groups.

THE PEOPLE-CENTRIC PLANNING APPROACH

To improve efficiency, not to mention speed and agility, organizations need to decentralize authority. Leaders need to have good people in place and have visibility into what they are doing, while enabling them to make decisions in a timely fashion, trusting that they are best equipped to know the right thing to do.

Instead of funding individual projects with temporary funding, organizations continuously fund the teams creating the products and services that deliver value. When teams have persistent funding, people have autonomy to figure out what needs to be done and do it. People can be empowered to adapt quickly and intelligently—without having to go back to a central authority.

There is still accountability, however. Common, value-stream-level metrics guide teams in prioritization and tracking progress. As long as the team continues to deliver value, they will continue to be funded. Leaders make portfolio-level decisions at the beginning of the fiscal year. Maybe they will decide to reduce or eliminate funding for a team that is no longer delivering value, based on the metrics defined. Leaders empower teams, provide persistent funding, and get out of their way. That is all the governance required.

BENEFITS

Through people-centric planning, organizations can minimize the effort and overhead associated with governance, while still ensuring the required value is being delivered. By employing people-centric planning and establishing truly decentralized decision-making, organizations achieve these gains:

- Improved efficiency
- Reduced waste
- Accelerated time to market
- Enhanced visibility and workflows that fuel continuous improvement

Key Technology Requirements

Complete Intelligence

To realize the complete potential of people-centric planning, teams need advanced, unified technology solutions that provide complete, on-demand intelligence. Solutions must deliver all the following capabilities:

- **Team collaboration:** Look for a unified application that gives everyone the current information they need. Without leaving the application, teams should be able to ask questions, provide updates, and more. Tools should enable teams to create, share, and automate to-do lists with groups both inside and outside the organization.
- **Staff allocation:** Leverage a solution that offers complete support for intelligent staff allocation. You should be able to find the right person or team, and allocate specific percentages of their workload to ideas, projects, or custom investments—with the click of a button.
- **Continuous investment planning:** Your solution should empower you to prioritize work based on business outcomes, not gut feelings. The solution should help you engage teams and executives in ongoing roadmap planning, all with a clear goal of delivering more customer value.
- **Strategic roadmaps:** Your solution should give you the agility to map strategy to objectives on drag-and-drop roadmaps, so you can clearly understand how your products are performing.
- **Reporting and analytics:** To fully realize the potential of people-centric planning, people from various groups and different levels need to be able to gain real-time access to data from across the organization. Your solution should provide executive teams with consolidated reports that enable objective comparison of what they planned and what was executed.

Complete Flexibility

You need a people-centric planning solution that works for your organization. Demand a solution that offers these capabilities to ensure alignment with your specific organization, teams, and objectives:

- **Multi-dimensional hierarchies:** Your solution should give you the flexibility to organize investments the way your business runs, including arranging people, work, and money by product lines. Go beyond traditional projects and configure the investment hierarchies and types that you need.
- **Definable investment types:** Your organization has its own specific requirements and objectives. Look for a solution that enables you to organize investments your way, with fiscal periods that align with your calendar. Make sure you can set up different investment types, including projects, products, and platforms.
- **Support any development methodology:** Leverage a platform that can help you govern all technology investments and teams across your organization, including those working with traditional, agile, and hybrid approaches.
- **Broad technology integration support:** For complete, intelligent management of teams and digital products, your solution must feature strong integrations with your other business tools. Solutions should come with preconfigured connectors for a range of solutions, including application lifecycle management (ALM), IT service management (ITSM), enterprise agility, DevOps, and more.

Introducing the Clarity™ Solution from Broadcom

Broadcom is a leader in the value stream management software market. With the Broadcom® Clarity™ solution, businesses can implement and manage an effective, efficient people-centric planning approach. The solution enables teams to gain the visibility required to maximize alignment, reduce inefficiencies, and speed time to value.

With the Clarity solution, executives can more effectively understand priorities, capacity, progress, and results across their organizations. As part of the Broadcom ValueOps™ platform, Clarity enables every role within an enterprise to manage, track, and analyze digital products and their associated value streams. With the solution, teams can focus on delivering the strategic outcomes that matter to their business.

People-Centric Planning: How It is Working at Broadcom

For the team at Broadcom, people-centric planning is not a theoretical exercise; it is a discipline that is being relied upon, and yielding benefits, every single day. Within the organization, we have established value streams and people-centric planning approaches.

Relying on our ValueOps solutions, we are able to establish unified, real-time visibility that spans end-to-end value streams. This means we do not have to work with spreadsheets and note pads, or rely upon time-consuming, error-prone manual reporting efforts. Instead, our various teams and decision-makers gain the accurate visibility they need to track progress and make more informed decisions.

Conclusion

Virtually everything about technology has changed in recent years. Everything it seems, except the way teams plan and manage technology investments. By employing people-centric planning, organizations can begin to align their funding approaches with modern business and technological realities. In the process, they can achieve significant improvements in agility, efficiency, and business performance.

To learn more, please visit broadcom.com/clarity.

BROADCOM®
connecting everything®

For more information, visit our website at: www.broadcom.com

PCP-PM-WP100 February 5, 2024