White Paper

Strategic Roadmaps: The Critical Vision for Future Success

Introduction

As the pace of business increases, it can be tough to maintain long-term plans. It seems like the constant adjustments caused by customer expectations and competitor actions make it impossible to remain on track because goals and objectives are continuously evolving. At the same time, technological innovation redefines what is possible on a regular basis, often resulting in yesterday's aspirational goals becoming today's overly conservative approaches. So it is easy to understand why many organizations are shifting their focus to nearer-term objectives, forgoing a focus on long-term vision in favor of more manageable priorities. That is a mistake, however. Creating a long-term vision, and in particular maintaining strategic roadmaps, helps you to innovate and to deliver against business outcomes; and that has never been more important.

There is no doubt that those who do project portfolio planning are moving to shorter cycles. Budgetary and financial plans might remain annual plans for now, but portfolio plans are generally only approved for the upcoming quarter while business units maintain a backlog and actively reprioritize for the future. This approach helps the organization pivot more quickly when circumstances change and adjustments are required. However, those adjustments, and that ability to adapt quickly, is centered around the need to maintain alignment between the work being done and the outcomes the organization is trying to achieve.

The outcomes in a quarterly or annual plan might evolve in response to changing circumstances, but they should not fundamentally shift, as they are still helping the organization to achieve its long-term outcomes. However, that can only happen when there is clarity around not just those long-term outcomes, but the roadmap of how to achieve them. When the immediate execution environment is moving at an ever-accelerating rate, the ability to remain focused on the ultimate goal, the vision, and the approach to delivering that vision, the roadmap, is the only thing that an organization has to keep it on track for strategic success.

The Role of the Roadmap

When an organization is developing a solution, a product or service, or even an internal initiative that has long-term objectives, it is crucially important to understand not only what the objectives are, but also the progress that needs to be made at various points along the journey to that destination. At the simplest level, this is all that a roadmap is: a long-term destination with interim checkpoints and a plan to achieve those checkpoints. On a regular basis, often annually, those checkpoints are reviewed and expanded; checkpoints are then adjusted, and the destination is extended, accordingly.

In reality, the roadmap is much more than a long-term destination with interim checkpoints. A roadmap provides a means of communicating to stakeholders your vision, not just for the product or service, but also for the way your industry is developing. It is a clear demonstration of your priorities and your understanding of the market that you operate in. And, assuming your roadmap is aligned with that market, it reassures customers and prospects that you are committed to growing with them. The product roadmap can become an extremely powerful tool that can even become self-fulfilling. If a large enough segment of the market shares a company's vision for how that market will evolve, the roadmap becomes not just the company's plans for the future, it also becomes the driver of the entire market. In other words, customers give you the ability to proactively drive the market forward.

At the same time, the roadmap is a way of communicating with your internal stakeholders. Not only does a roadmap help them achieve a common understanding of priorities and dependencies, but it also provides context for the current work and how that work supports the ultimate vision for the product or service. A roadmap applies equally well to the project side as it does to the product side. When project teams make short-term adjustments to in-flight initiatives in response to the shifting environment in which the product exists, they can validate that they are not compromising the ability to deliver long-term success. A roadmap also aids in planning for resources, whether for funding allocations (capex and opex) or for people. These resources often have long lead times, especially if outside recruitment and training is involved in increasing capability and capacity. Without a clearly defined roadmap, there will not be enough planning and execution will suffer.

While product roadmaps can stand on their own as the vision for a particular offering in a particular market, where they really help to drive organizational success is when they combine for an integrated product portfolio roadmap. Product portfolio management is a critical tool when managing a business in a fast-paced environment. Product portfolio management helps to ensure that the organization is always looking at the full portfolio of product and service offerings and managing them as part of a holistic whole. Effective product portfolio management ensures that the organization manages risk by balancing revenue across multiple markets and product lines. This balance helps to ensure that not all markets and offerings are in a growth (or decline) cycle at the same time; and it maintains a reliable revenue stream to pay for investment in those areas where growth and innovation are required.

Just as managing projects as individual initiatives fails to optimize the performance of the project portfolio in delivering organizational goals, managing roadmaps as individual entities fails to optimize the overall market and customer strategy. There are many similarities between project portfolio management, and product portfolio management, and that is the next element we want to consider.

Integrated Project and Product Portfolio Management

In recent years, organizations have invested heavily in project portfolio management, the ability to effectively and efficiently execute on strategy. Over time, businesses have evolved to a focus on ensuring that business benefits actually occur, and then incorporating business agility concepts while adjusting to changing business circumstances with minimal disruption. That journey has led to the creation of today's modern portfolio management office (PMO). But it is not enough.

While project portfolio management is a strategic discipline, each iteration of the portfolio has a relatively short-term focus, generally on the next annual period. That is appropriate, given that the portfolio exists to deliver the current goals and objectives of the organization. But there cannot be a separation between that relatively short focus and the medium-to-long-term focus that product portfolio management spans. Instead, the two elements of project portfolio management and product portfolio management need to seamlessly integrate to provide a connection from the current work all the way through to the long-term vision. This integration allows the organization to begin to evolve toward the concept of enterprise innovation: delivering consistent value to customers through effective execution of initiatives that are aligned with a long-term vision that continuously stretches what is possible and that seeks innovation across all products and services.

Integrated project portfolio management and product portfolio management must be driven from the top down, not from the bottom up. While project portfolio management begins with leadership driven goals and objectives, it often evolves into project execution driven by low-level inputs. Challenges from the operation level, service tickets, and departmental initiatives all feed the project portfolio and shift the focus from a top-down to a bottom-up approach. The nature of these bottom-up work items also means project portfolio management shifts toward an IT-centric approach instead of a business-centric approach, lowering the value it delivers. This has the potential to dilute the strategic focus that should be driving the work and can compromise the ability to continuously innovate.

In contrast, integrated project portfolio management and product portfolio management, driven through top-down roadmaps, can deliver:

- **Integrated investment management across the entire enterprise**. Leaders can see a complete picture of their investments in innovation across multiple time horizons, the integration of immediate project work with planned upcoming initiatives and longer-term proposals that are not yet fully defined. Leaders can see further into the future to see how products are planned to evolve on both an individual basis and as part of the overall product portfolio. With effective software solutions and supportive, proactive management, this single integrated vision can be enhanced with the ability to view the roadmaps in terms of status (of planning or execution), by financial categories or any other strategic perspective the organization requires: market, contribution area, ROI, and so on.
- **A cohesive communications vehicle for customers and employees**. A top-down, integrated roadmap that connects the features being developed now to meet immediate opportunities and challenges with the long-term directional vision helps to craft a single story for how each individual product and service will evolve. That makes it much easier to have conversations with customers and prospects over planned and envisioned growth, because all elements are part of the same integrated whole. This simply cannot happen when work is driven from multiple low-level sources, which is an approach that risks creating noise and confusion. For employees, this type of roadmap provides a much better understanding of how individual work elements integrate with the overall picture, from both an individual product standpoint and across the entire product portfolio.
- **Easier analysis of options and implications of project portfolio adjustments**. Most organizations recognize the need to actively manage the project portfolio, adjusting execution in response to variances in projects or the resulting benefits, and adjusting goals and objectives in response to an evolving operating environment. However, that active management generally only considers the work in progress or the work that is planned in the current year’s portfolio; it does not consider impact assessments and adjustments further along the timeline or the implications further along the product roadmap. This failure to connect short- and long-term plans can create difficulties in achieving the overall vision, which could be avoided with a more cohesive approach to management.

This last point is particularly important in developing a single overall approach to delivering both immediate strategic goals and long-term vision. It is generally understood that the project portfolio must be actively managed, and that can mean adjustments to individual projects, reprioritization of the portfolio backlog, or a fundamental shift in the goals for the current period. What is less well understood is the need to actively manage the longer-term vision, as it too will evolve and shift. That is what we want to look at next.

Roadmap Modeling and Management

While annual planning is less significant to organizations than it once was, there is still a yearly cycle of assigning investment budgets to the project portfolio and updating organizational and departmental plans. The implications for product roadmaps will not always be dramatic, but there will generally be at least a validation of the vision and, perhaps, some minor adjustments. For some products and services, there will be a fundamental reassessment of plans and, perhaps, even decisions to retire the product and replace it with something else. Regardless of how significant the actual changes are, this process of reviewing and potentially updating product roadmaps effectively creates a new product baseline.

In the project portfolio, the initial list of approved projects will form the baseline, and there will be regularly scheduled reviews during which that baseline is updated. These reviews generally occur on a quarterly basis, but additional reviews might be required in the event of a significant change in circumstances. We discussed in the section above that the integration between project and product portfolios can drive better decision making as part of those project portfolio adjustments; the implications of this are that the product portfolio must be more actively managed than has historically been the case.

This is not simply a case of updating plans or intentions. Rather, it should be a review of what is possible as a result of shifting circumstances. Project portfolio changes occur as a result of significant changes to the organization's operating environment, technological innovation that increases what is possible; competitor, supplier, or regulator actions that change what is required; customer evolution that moves expectations and requires realignment to maintain or improve satisfaction. All of these factors can have a profound impact on the long-term vision; a small adjustment in the immediate future can leave a product far from its vision several years down the road.

The solution is to implement a portfolio modeling approach. The product and project portfolio baseline represents the current state; and when an adjustment is required, there are a number of ways that the baseline can be adjusted in response. Within the project portfolio, we expect the portfolio manager to conduct the analysis of these options in conjunction with program and project managers, and to make the appropriate decisions to preserve the portfolio's ability to deliver on its goals. This must also feed the product portfolio so that enterprise product management can:

- **Identify options for adjustments**. Identifying the options for adjustments means to analyze what has changed in the immediate term and to discover the opportunities and threats that are created by that change. It might be that the product portfolio is unaffected, but in many cases there will be a requirement to adjust in order to preserve the vision, an opportunity to improve the likelihood of achieving success, or a need to update the overall product vision itself.
- **Model recommended options**. Once the initial analysis is completed, there will be a number of potential adjustments that can be made. Organizations must model those options to determine the right mix of changes to make. With a top-down, integrated dashboard this can be done relatively easily by comparing the proposed changes with the current dashboards and by understanding the implications on any of the metrics being managed in that roadmap: financial, time, business area, and so on. While the numbers will be high-level planning estimates, that is still far more advanced than the analysis undertaken by most organizations today.
- **Re-assign a baseline based on the approved model**. Approving a new baseline not only formally connects the project portfolio–driven changes with the product roadmaps, it also creates a new starting point for the next set of adjustments that will inevitably be required as the portfolio proceeds.

Integration of project and product roadmaps, and effective top-down management of both, will drive a more regular review of the long-term vision and the ability to achieve that vision, which will help connect vision, strategy, and execution in a way that has never happened before. That will directly drive the organization's ability to succeed.

Conclusion

Every organization has some form of product roadmap, but few treat those roadmaps as vital management tools to enable success. Most commonly, roadmaps are aspirational visions connected to the current state by a few high-level project placeholders. Often, roadmaps are revisited once a year (at best) and they only nominally drive the project portfolio definition and selection process. Almost invariably they are managed in isolation from the other product and service areas within the organization.

This is a fundamentally flawed approach to roadmap management. Organizations can only succeed when all elements are pulling in the same direction, maximizing speed of execution, and minimizing inertia. For that to happen, all product and service offerings must be managed as a cohesive whole, maintaining a balance between market segment, product maturity, product positioning, and numerous other factors. There must also be a connection on the organizational time horizon between the project portfolio and product portfolio, with integration between current portfolio initiatives and the collective product roadmap. That helps ensure that the work being done today aligns with the needs of the organization tomorrow, and that the vision is always optimized to what is possible.

Most important of all, this entire approach must be managed from leadership down into the organization. Nothing is more important to the success of an organization than the effective execution of a strategy to achieve current goals and to take the largest step possible toward attaining the corporate vision. Unless the drive toward attaining that vision is driven by the leadership team, it simply cannot occur. There is merit to initiatives being driven based on departmental intake requests, IT service tickets, and low-level requests, but not as part of the strategic roadmap management of the enterprise.

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