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Strategic Roadmaps: The Critical Vision for Future Success

The pace of business may be increasing, but strategic roadmaps are still critical to the success of your investment portfolio.

Andy Jordan

CA Project & Portfolio Management

Table of Contents

Section 1	3
The Role of the Roadmap	
Section 2	4
Integrated Project and Product Portfolio Management	
Section 3	5
Roadmap Modeling and Management	
Section 4	6
Conclusion	
Section 5	7
About the Author	

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—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's 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's a mistake, however; long-term vision, and in particular maintaining strategic roadmaps, helps you innovate and deliver against business outcomes, and that has never been more important.

There's no doubt that project portfolio planning is moving to shorter cycles. Budgetary and financial planning may remain annual for now, but portfolios are generally only approved for the upcoming quarter while maintaining a backlog and actively reprioritizing the future. This 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.

Outcomes may evolve in response to changing circumstances, but they shouldn't fundamentally shift, as they are still helping the organization achieve its long-term outcomes. However, that can only happen when there is clarity around not just those 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 an organization has to keep it on track for strategic success.

SECTION 1

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 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, adjusting the checkpoints and extending the destination.

In reality, the roadmap is much more. It 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 understanding of the market 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 de facto 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 it 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. This applies equally well on the project side as on the product side. When project teams make short-term adjustments to inflight initiatives in response to the shifting environment in which the product exists, they can validate that they aren't compromising the ability to deliver long-term success. It also aids in planning for resources, whether funding allocations (capex and opex) or 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 won't 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. It helps to ensure 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 the organization manages risk by balancing revenue across multiple markets and product lines. It helps ensure that not all markets and offerings are in a growth (or decline) cycle at the same time and maintains a reliable revenue stream to pay for investment in those areas where growth and innovation is 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's the next element we want to consider.

SECTION 2

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 PMOs. But it's not enough.

While project portfolio management is a strategic discipline, each iteration of the portfolio has a relatively short-term focus, generally the next annual period. That's 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 current work all the way through long-term vision. This allows the organization to begin to evolve toward the concept of enterprise innovation: delivering consistent value to customers through effective execution of initiatives, aligned with a long-term vision that continuously stretches what is possible and 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. Operational level challenges, 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 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, etc.

- **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 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, an approach that risks creating noise and confusion. For employees, there is 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 and/or benefits realization, as well as adjusting goals and objectives in response to an evolving operating environment. However, that active management generally only considers the work underway or planned in the current year’s portfolio; impact assessments and adjustments don’t flow further along the time horizon to consider 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’s what we want to look at next.

SECTION 3

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 with something else. Regardless of how significant the actual changes are, this process of reviewing and potentially updating 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 generally occur on a quarterly basis, but additional ad hoc reviews may be required in the event of a significant change in circumstances. We discussed in the section above that 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 isn’t 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 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.** This is the foundational analysis of what has changed in the immediate term and the opportunities and threats created by that change. It may be that the product portfolio is unaffected, but in many cases there will be a requirement to adjust 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, comparing proposed changes with the current dashboards and understanding the implications on any of the metrics being managed in that roadmap: financial, time, business area, etc. While the numbers will be high-level planning estimates, that is still far more advanced than the analysis undertaken by most organizations today.
- **Re-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.

SECTION 4

Conclusion

Every organization has some form of product roadmap, but few treat those roadmaps as vital management tools to enable success. Most commonly they are aspirational visions connected to current state by a few high-level project placeholders. Often, they are revisited once a year (at best) and 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 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 strategy to achieve current goals and take the largest step possible toward attaining the corporate vision. Unless it is driven by the leadership team, that 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.

SECTION 5

About the Author

Andy Jordan is president of Roffensian Consulting S.A., a consulting firm with a strong emphasis on organizational transformation, portfolio management and PMOs. He has a track record of success managing business-critical projects, programs and portfolios in Europe, North America and Central America in industries as diverse as investment banking, software development, call centers, telecommunications and corporate education.

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