

How to Use Product Roadmaps for Funding and Governance of Agile Product Delivery Teams

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Initiatives: [Application and Product Portfolio Governance](#); [CIO Leadership of Strategy, Governance and Operating Models](#)

Application leaders moving from projects to products struggle to replace detailed project plans and budgets. Product roadmaps can help application leaders to secure funding and improve reporting. They can be used to communicate priorities and progress toward business results.

Additional Perspectives

- [Summary Translation: How to Use Product Roadmaps for Funding and Governance of Agile Product Delivery Teams](#)
(09 November 2020)

Overview

Key Challenges

- Agile product teams do not have the detailed project plans and budgets demanded by traditional project-funding governance processes. Application leaders may be challenged to justify team budgets.
- There is never enough money to fund all the requested work in the time desired. This forces application leaders to convene painful midcycle meetings to reset priorities and expectations.
- Once funded, the application leader needs to transparently report what teams have accomplished and how needs have changed. If they fail to do this, they risk losing credibility and jeopardizing future funding.

Recommendations

To establish effective product portfolio governance practices, application leaders scaling agile transformation should:

- Use feature-level product roadmaps to request funding by defining each feature in terms of the business outcome and the forecast effort required to deliver it (taking into account the proposed team size).

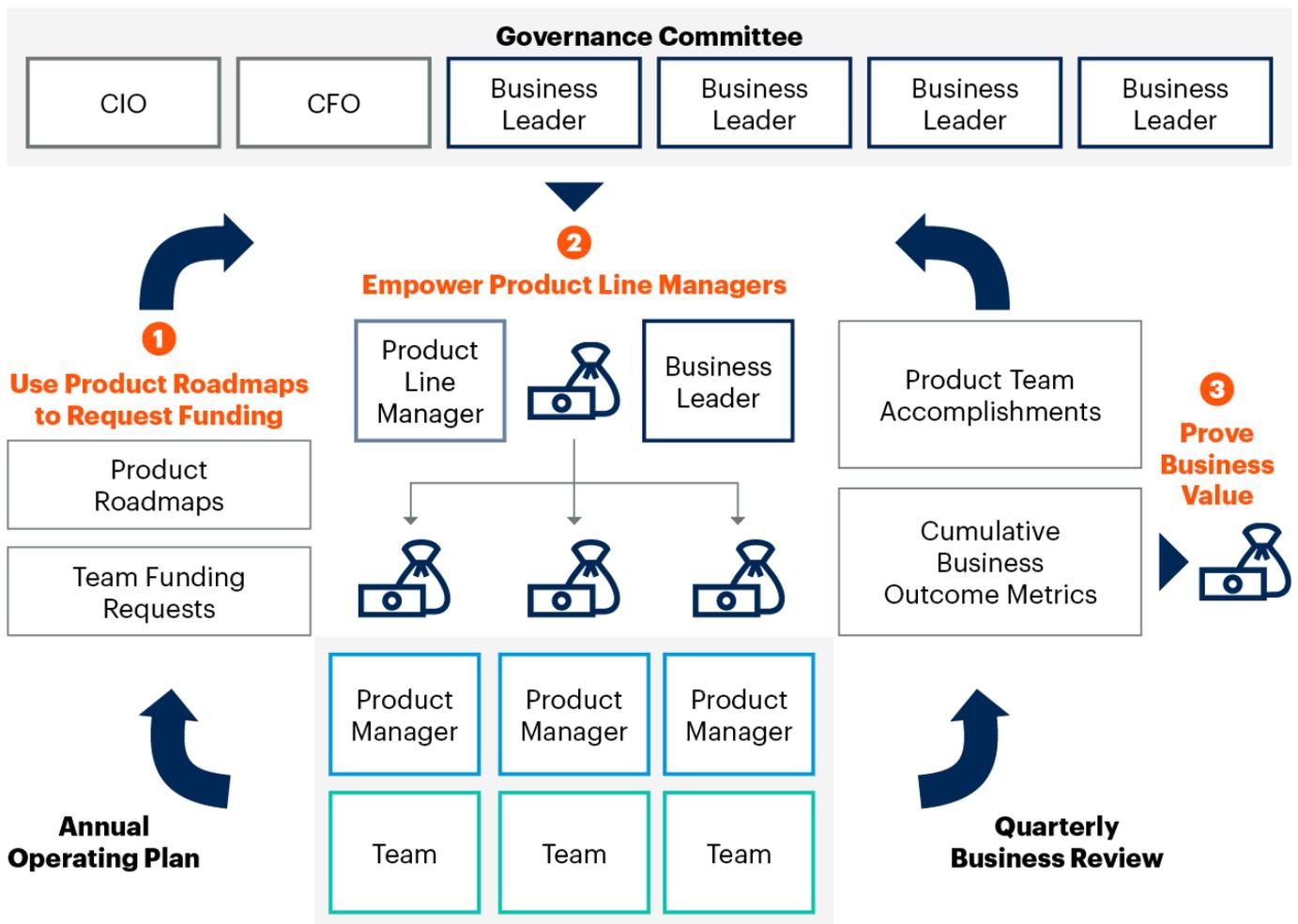
- Empower product managers and business stakeholders to deal with changing conditions by using product line funding and by giving them control over detailed governance decision making (concerning priorities and team composition).
- Prove the business value delivered by reporting work completed at the feature level – framing it in terms of the measurable improvements that have been made relative to previously delivered business outcomes.

Introduction

Figure 1 shows how the product line funding governance process works.

Figure 1: How Does the Product Line Funding Governance Process Work?

How Does the Product Line Funding Governance Process Work?



Source: Gartner
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Analysis

Use Feature-Level Product Roadmaps to Request Funding

A product roadmap guides a team during development. It is a high-level backlog of work (that is, feature-level or higher), prioritized by the product manager and stakeholders. Business leaders are better engaged and funding decisions are clearer if the roadmap is stated in business terms. Roadmaps should clearly identify the business metrics to be improved and the expected improvement if the work is completed successfully. This approach also sets up the benefits realization process. The elements of a business outcome are:

1. A measurable improvement ...
2. ... in a business capability ...
3. ... through a proposed business change ...
4. ... that usually has a financial benefit.

Each roadmap feature should identify at least one business outcome. The feature should be the smallest amount of work the team can do to deliver something with measurable value to the business. This is usually longer than a sprint and up to three months of work for a team.

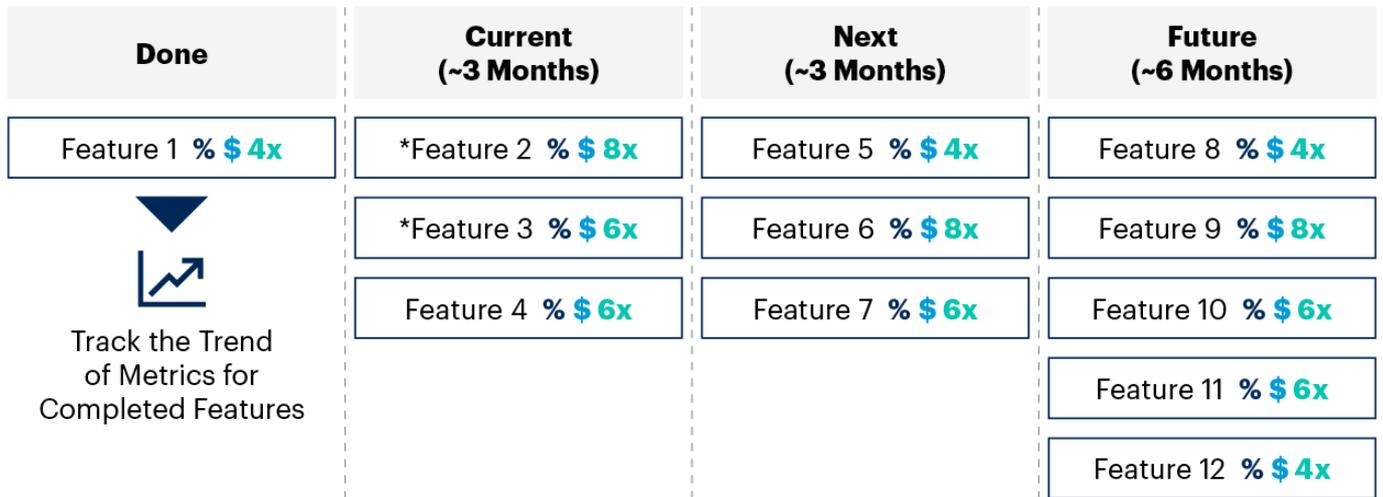
Figure 2 shows a simple representation of a product roadmap with each feature in priority order. Each contains the metrics, business value and forecast effort (how much team capacity it will take to deliver). This figure is very simple, showing just a few time buckets. Enterprise agile planning tools can create more elaborate roadmaps that also convey strategic themes, time frames and more (see [Critical Capabilities for Enterprise Agile Planning Tools](#)).

Product teams work on these features in priority order, although different team members may be working on several in parallel. Adding up the forecasts can give a rough idea of when a particular item might be available. However, this becomes more uncertain the further into the future one looks.

Figure 2: Product Roadmap Features With Cost and Value

Product Roadmap Features With Cost and Value

* = Currently Underway % Metric Target \$ Business Value (X)x Forecast Effort



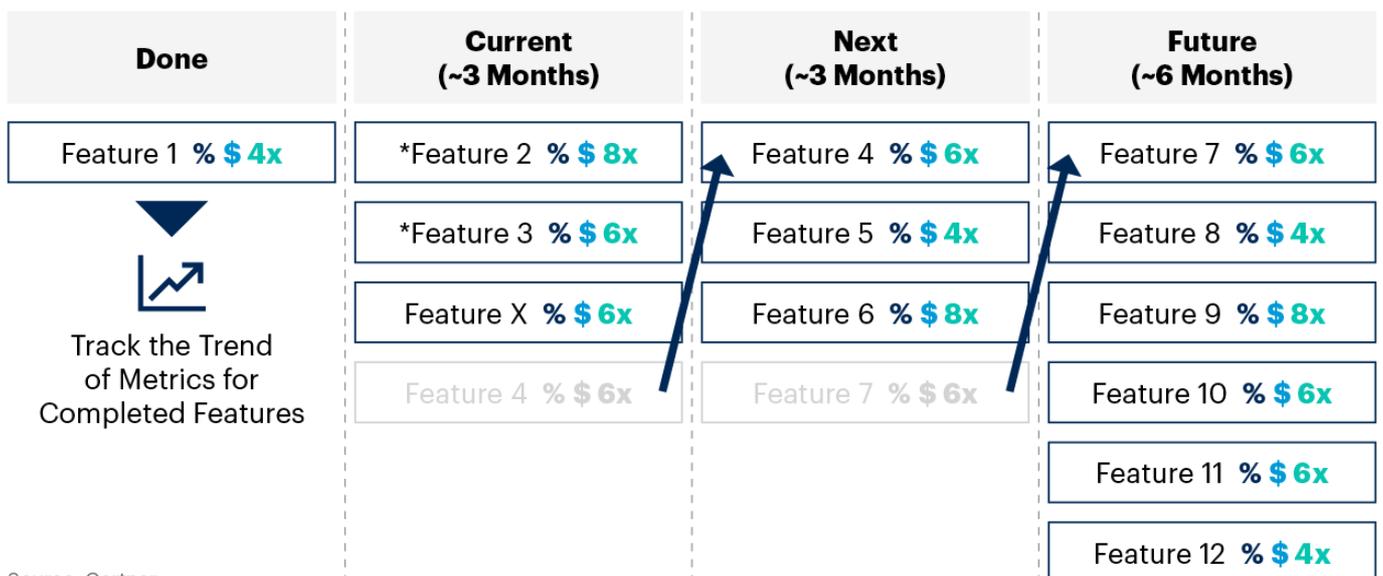
Source: Gartner
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Having smaller work items creates more flexibility for reprioritizing work if conditions change. Figure 3 shows how a new critical feature can be slipped into the front of the roadmap, but will push out the items previously there. It may also cause the rest of the roadmap to be completely reprioritized.

Figure 3: A New High Priority Item Pushes Subsequent Items Further Out

A New High Priority Item Pushes Subsequent Items Further Out

* = Currently Underway % Metric Target \$ Business Value (X)x Forecast Effort



Source: Gartner
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The product roadmap should convey to the business what improved capabilities the business will get as each item is delivered. Remind everyone that the time to deliver is just a forecast – it will have high variability for an individual item (like a weather forecast for a few days in the future). Keep roadmap work items to those that are at a high level and have these attributes:

- They are features or above (teams will break these down into user stories).
- They deliver measurable business value or a major technical improvement deserving management visibility.
- They are named according to the business, customer or technical outcome they deliver.
- They are linked to business strategies and tactics.
- They are longer than a sprint, but no more than two or three months duration – if it's too big, try to break it into two features.

Some companies also prepare a one-page business case for the item (Table 1 provides an illustrative example). This gives a little more detail and a justification and establishes accountability for benefits realization.

Table 1: One-Page Business Case for Feature on RoadmapViewing partial table. [Click here to view full table](#)

<i>Element</i>	<i>Description</i>	<i>Example</i>
Business Capability to Improve	What will the business/customer be able to do better?	Generate proposals
Metrics	How will I measure that? What is the current baseline and target?	Decrease average time to respond with proposal from 7 days to 2 days Reduce cost estimate uncertainty from 10% to 5% Increase number of proposals from 100 to 200 per year Increase success rate from 40% to 50%
Accountability	Who is accountable for hitting the metric?	Line-of-business manager and IT team
Method	How will we change our business process to support this?	Automate proposal generation and workflow
Strategic Connection	How does this advance our strategic initiatives?	Expand market share
Constraints or Dependencies	Are there any constraints on the solution? Are there any	Back-end system cannot change in the time frame allotted: must use current APIs

Source: Gartner (September 2020)

In addition to functional work, significant technical items that require similar effort should also be shown. The team should reserve some capacity for other work they will be doing simultaneously with feature work. This may include paying down technical debt, implementing bug fixes, making minor enhancements, or product support activities.

Empower Product Managers and Business Stakeholders by Using Product Line Funding and Delegating Details

Application leaders are establishing their product teams as part of a traditional annual operating plan for the upcoming year. The product roadmaps replace a traditional project plan as the artifact used in the governance process. The governance committee decides what to fund and at what level. Teams report back periodically, usually with a traditional quarterly business review (QBR), and adjust based on changing conditions and new discoveries and innovations.

Use this new approach to align business goals, products, teams, work and reporting (see Figure 4).

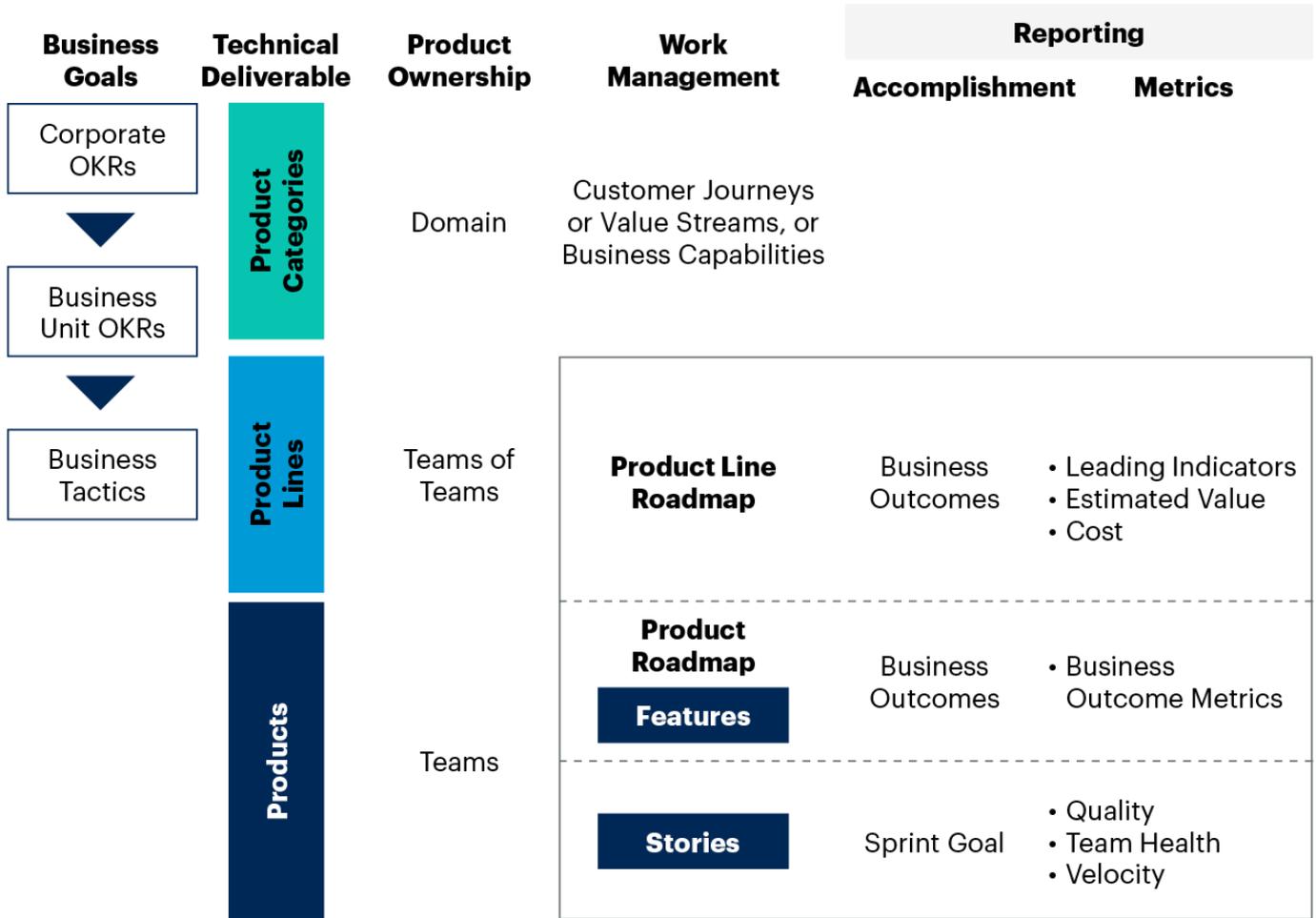
To use this approach, application leaders should establish a process along the following lines:

- Corporate and business unit (BU) strategies drive establishment of objectives and key results (OKRs), which are cascaded down and used to plan initial business tactics (see [How CIOs Can Use Objectives and Key Results to Drive Execution Success](#)).
- Product managers or product line managers prepare roadmaps at the feature level for envisioned work over next 12 to 18 months and team requirements. Their request should include capacity to support OKRs and tactics and other work needed (for example, addressing technical debt, or modernization).
- The governance committee decides whether to – and at what level to – fund each product or each product line as an aggregate (see [Case Study: Building Blocks for Product Funding \[TD Bank\]](#)).
- In general, product lines will not get all they asked for, but if they are empowered with product line funding, they can adjust their plan. They will have to work with stakeholders to decide how to assign teams and what to prioritize, and update time frames based on actual team capacity.
- Teams should then begin executing their roadmaps and deliver the value within their allocated capacity.
- Product managers work with stakeholders to refine the product roadmap, reprioritizing, updating forecasts, and adding new work as needed – due to changing business conditions and knowledge gained.

The processes described here will probably become more fluid and reiteration will become faster over time. Application leaders seem to be sticking to the annual operating plan and quarterly reporting model from years gone by in order to stay in sync with their company's annual fiscal planning process. The team funding decisions are an input to the overall corporate budget. A more fluid approach is described in [Evolve From the Quarterly Business Review to Continuous Agile Governance](#).

Figure 4: Alignment of Business Goals to Products, Teams, Work Items and Reporting

Alignment of Business Goals to Products, Teams, Work Items and Reporting



Source: Gartner
 OKR = objectives and key results
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Prove Business Value Delivered by Reporting Features Completed and Improvements in Metrics

The final part of any governance process is reporting the accomplishments and metrics (shown on the right side of Figure 4). Table 2 outlines what type of information should be covered. The focus here is to see what the teams have accomplished and whether the funding decisions need to be adjusted. Application leaders should aim to run a QBR in the following way:

- Teams report work completed at the feature level, and their next planned work (this reflects changes to the roadmap since the last report). They may also report the percentage of time by type of work (for example, in terms of architecture, features, technical debt and bug fixes) to convey what effort went to less visible work.
- Teams report metrics (including the baseline, current and target levels) on business outcomes delivered in this and previous periods. This continues for a period of time into the future as part of

benefits realizations and may include an estimate of the accumulated financial benefits.

- The governance committee determines any changes in funding required based on progress and current priorities.

Table 2: Agile Product Delivery Team Reporting Information

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<i>Information</i>	<i>Items</i>	<i>Content</i>
Work completed by type	Architecture Features Technical debt Bug fixes	Percentage of time spent on each type of work. Conveys quantity of less-visible work completed during the period.
Accomplishments	Product roadmap items	Name of features completed or other work done (for example, training)
Business outcomes	Results of accomplishments if known already	Business capability improvement or cost savings/revenue result
Next focus area	Product roadmap items	Names of features to be worked on next
Cumulative metrics	Leading indicators used to define business outcomes of completed work	Baseline, target and current value of metric
Team effectiveness	Customer satisfaction Delivery predictability Quality escapes Technical debt Team health	Team-level metrics (for more information, see Use the Right Metrics in the Right Way for Enterprise Agile Delivery)

Source: Gartner (September 2020)

Gartner is developing a Toolkit for application leaders to help with funding and governance for agile product delivery. Application leaders should use the reporting information described here alongside Gartner Toolkits to ensure they are communicating priorities and progressing toward business results.

Some companies have made this reporting process more continuous by building dashboards that automatically extract and format this information from enterprise agile planning tools. Everyone can

track progress continuously throughout the quarter and see the value as it starts to be achieved. Gartner considers this approach of continuous agile governance to be a best practice.

Acronym Key and Glossary Terms

QBR	quarterly business review
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Evidence

¹ Gartner's 2019 Agile in the Enterprise Survey was conducted via an online survey from 3 June through 25 June 2019 with 130 Gartner Research Circle Members — a Gartner-managed panel composed of IT and IT-business professionals.

Qualified participants included business end users with either an IT or IT-business focus as a primary role. Eighty-seven percent of participants use agile for at least some of their application development.

The survey was developed collaboratively by a team of Gartner analysts and was reviewed, tested and administered by Gartner's Research Data and Analytics team in collaboration with Gartner analysts.

Note 1. Terminology for Levels of Backlog

Different agile frameworks and enterprise agile planning tools use different terminology for the hierarchy of work in a backlog or roadmap. In this research, we focused on three commonly used terms:

- Epic
- Feature
- Story

Many of the frameworks have higher and lower levels than these, and alternative names for technical work — rather than business-focused work. Table 3 shows some of the common terms in use in frameworks. It also shows the “default” used by some of the major enterprise agile planning tools — although, in most cases, the tools can be configured for the organizations preferred terminology.

Table 3: Common Terms for Backlog Items
[Viewing partial table. Click here to view full table](#)

<i>Framework or Product</i>	<i>Term used for a large initiative (many sprints)</i>	<i>Term used for something with measurable value (1-3 sprints)</i>	<i>Term used for backlog item for team members within a sprint (1-2 days)</i>
<i>Term Used Here</i>	<i>Epic</i>	<i>Feature</i>	<i>Story</i>
Scrum	Product Backlog Items		
Scaled Agile Framework (SAFe)*	Epic	Capability (has multiple features) or Feature	Story
LeSS	Epic	Feature	Story
Atlassian Jira Align	Initiative	Epic	Story
Digital.ai VersionOne	Epic	Feature	Story
* In SAFe, there are “enabler” versions of all backlog items (that is, enabler epic, enabler feature, etc.). These are basically nonfunctional equivalents			

Source: Gartner (September 2020)

Recommended by the Author

- [Address Technical Debt With Gartner’s PAID Model and Avoid Bankrupting Your Application’s Future](#)
- [Evolve From the Quarterly Business Review to Continuous Agile Governance](#)
- [Use the Right Metrics in the Right Way for Enterprise Agile Delivery](#)
- [Case Study: Building Blocks for Product Funding \(TD Bank\)](#)
- [How CIOs Can Use Objectives and Key Results to Drive Execution Success](#)
- [Critical Capabilities for Enterprise Agile Planning Tools](#)
- [3 Keys to Persuading Your CFO to Use Product-Based Budgeting](#)

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