

CONNECTING THE DOTS BETWEEN STRATEGY AND DELIVERY

*WHY OKRS ARE ESSENTIAL FOR
STRATEGIC PORTFOLIO MANAGEMENT*

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..... **INTRODUCTION**

Although these words were written over 2,000 years ago in ancient Greece, it seems they've never been truer than the past few years: "Change is the only constant in life."

In life, and certainly, in business: Adapting to constant change and disruption is the greatest challenge facing modern enterprises. Companies struggling with strategic planning find it hard to translate strategic objectives into measurable goals, operational roadmaps, and coordinated delivery across the organization.

To survive, and especially to thrive, **enterprises must strengthen their ability to quickly redeploy resources** in the face of operational and macroeconomic change, while staying aligned with strategic goals, financial constraints, and resource capacity.

In other words, these converging factors signal **a compelling need for strategic portfolio management**. Strategic portfolio management helps organizations nimbly prioritize the activities that will have the highest impact on business outcomes – connecting strategy *with* delivery.



"By 2025, 70% of digital investments will fail to deliver the expected business outcomes due to the absence of a strategic portfolio management approach."¹

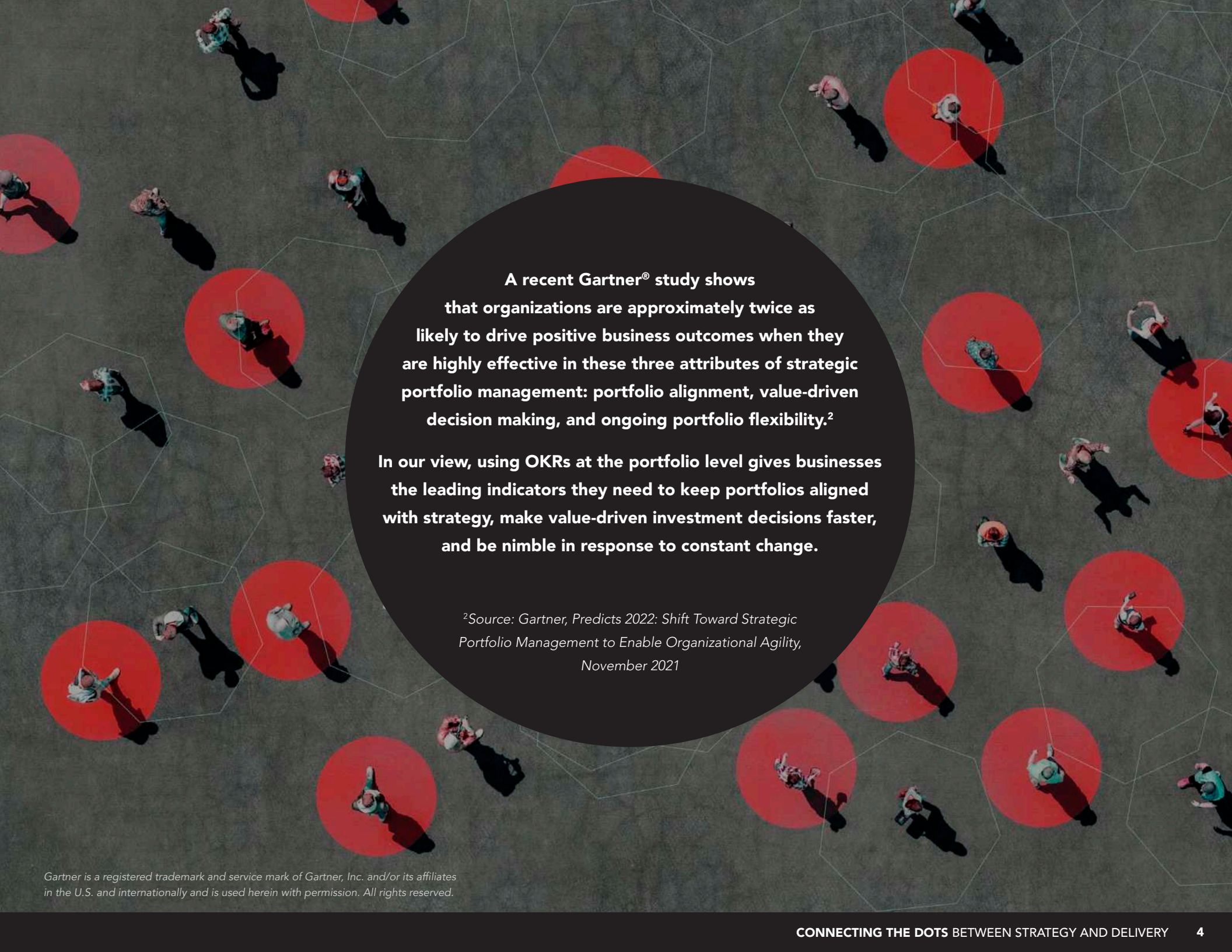
¹Source: Gartner, Magic Quadrant for Strategic Portfolio Management, Anthony Henderson, Daniel Stang, 18 April 2022

..... A secondary challenge lies in measuring the business impact of ever-shifting objectives. Changing strategies can further complicate funding, reprioritizing, and realigning teams.

Organizations can **handle and affect change dynamically with objectives and key results (OKRs)**. By working together, executives, finance, and EPMOs can quickly shift strategies, priorities, funding, and resources by using OKRs to align and realign without losing progress.

What is so essential about blending strategic portfolio management with OKRs? Arguably, OKRs are as important to the success of the strategic portfolio management approach as they are to priming an organization's ability to respond competitively to change.



An aerial photograph of a group of people standing on a dark grey floor. The floor is marked with a light grey grid of hexagons. Several of the people are standing on red circular markers. The overall scene suggests a network or organizational structure.

A recent Gartner® study shows that organizations are approximately twice as likely to drive positive business outcomes when they are highly effective in these three attributes of strategic portfolio management: portfolio alignment, value-driven decision making, and ongoing portfolio flexibility.²

In our view, using OKRs at the portfolio level gives businesses the leading indicators they need to keep portfolios aligned with strategy, make value-driven investment decisions faster, and be nimble in response to constant change.

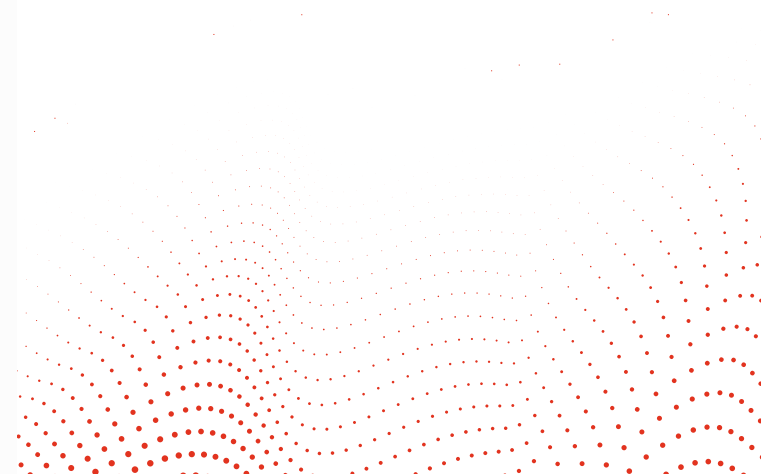
²Source: Gartner, Predicts 2022: Shift Toward Strategic Portfolio Management to Enable Organizational Agility, November 2021



..... TABLE OF CONTENTS

1. ABOUT STRATEGIC PORTFOLIO MANAGEMENT
2. ABOUT OBJECTIVES AND KEY RESULTS (OKRS)
3. HOW OKRS CAN SUPPORT STRATEGIC PORTFOLIO MANAGEMENT
4. STRATEGIC PORTFOLIO MANAGEMENT WITH OKRS: 4 KEY CAPABILITIES
5. HOW TO USE OKRS WITH ROADMAPS FOR GREATER ALIGNMENT
6. KEY TAKEAWAYS

By reading this eBook, you'll learn why using OKRs at the portfolio level can enable better outcomes from strategic portfolios, how OKRs can help connect the dots in strategic portfolio management, and what capabilities are essential for using OKRs at the portfolio level. You'll also learn how pairing portfolio OKRs with your strategic roadmap to drive alignment and improve goal attainment.



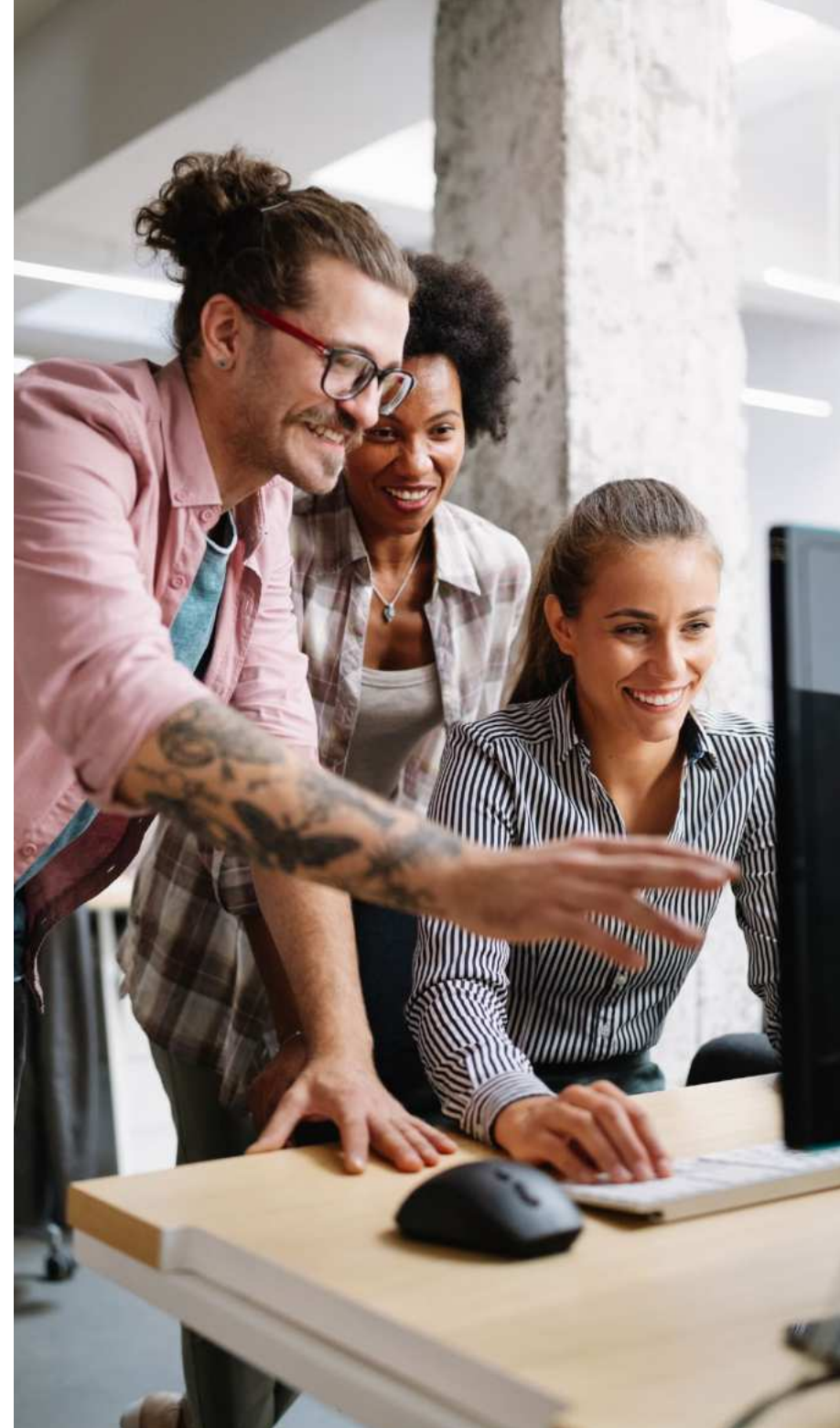
..... ABOUT STRATEGIC PORTFOLIO MANAGEMENT

Strategic portfolio management is the process that organizations use to determine how to utilize available resources within a portfolio to achieve its strategic objectives. Strategic portfolio management connects strategy with delivery, helping organizations prioritize the activities that will have the greatest impact on business outcomes.

In other words, strategic portfolio management helps organizations translate the strategies of the organization into an actionable plan to realize them – without the need for micromanaging employees, developing overly complex processes, or managing dynamic work through static status reports.

Strategic portfolio management helps organizations shift focus to outcomes over outputs, by aligning teams around understanding business problems and achieving desired outcomes. This is in contrast to traditional portfolio management, in which teams are measured based on their adherence to a plan (outputs).

Strategic portfolio management helps organizations invest where results are being realized. Of course, in order to do this, organizations need a real-time, dynamic view of what's happening within the organization. This is where OKRs come into play.



ABOUT OBJECTIVES AND KEY RESULTS

OKR stands for Objectives and Key Results. It's a widely utilized framework for defining, aligning around, executing, and measuring progress toward key organizational goals.

Defining and aligning around OKRs helps to link organizational and team goals in a hierarchical way to measurable outcomes. In simple terms, OKRs answer the questions "where do we want to go," and "how will we measure our efforts to get there?"



OBJECTIVES

Where do we want to go?



Describes what we would like to achieve in the future and sets a clear direction.



Should be ambitious, qualitative, actionable and time bound.



Easy to understand.



KEY RESULTS

How do we know if we're getting there?



Monitor progress towards an objective.



Should be quantitative, time bound and actionable.



A measurable and verifiable outcome with a start and target value.

Simple formula = We will 'Objective' as measured by 'this set of Key Results'

WHY ADOPT OKRs?

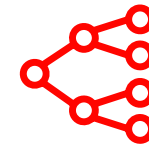
The biggest impact in most organizations is this cultural shift from outputs to outcomes, which requires a fundamental change in how people think about and measure the work they do.



Align team members to big-picture goals



Improve productivity by focusing efforts across the organization



Provide actionable structure for measurement, accountability, and transparency



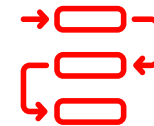
Boost employee engagement through goal-setting



Increase insight and transparency for executives



Improve resource allocation and management



Define and streamline cross-functional dependencies between teams



HOW OKRs CAN SUPPORT STRATEGIC PORTFOLIO MANAGEMENT

How do you practice strategic portfolio management when strategies are constantly shifting in response to internal and external factors?

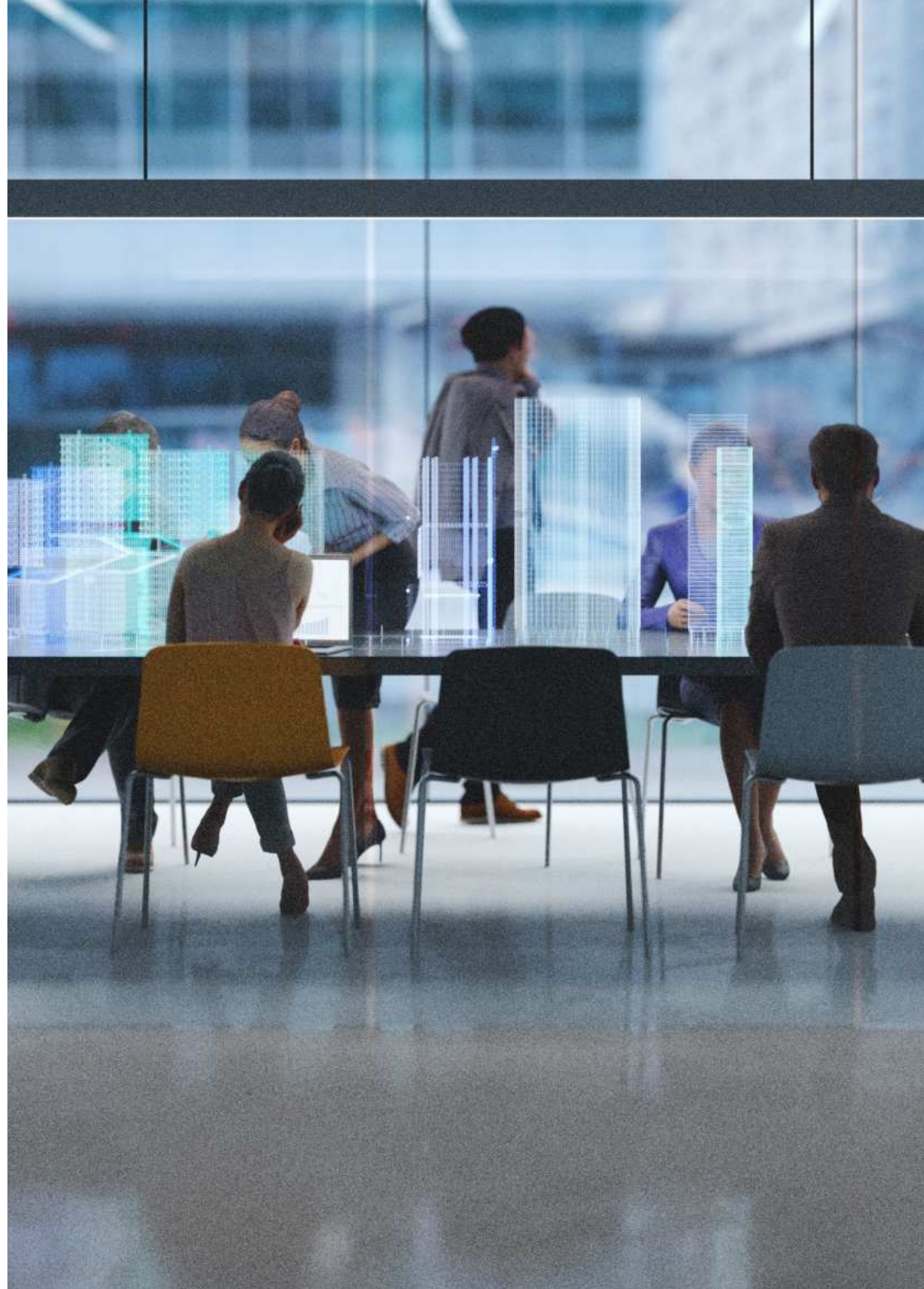
"You need a way to define, monitor, and measure work that is dynamic: One that empowers teams to stay aligned around the shared goal of delivering value – even if it deviates from the original plan; one that allows teams, and those managing them, to measure and monitor their performance against strategic goals; and, finally, one that arms everyone in the organization with the insights to make informed decisions about future investments."

..... THIS IS THE ROLE THAT OKRS CAN PLAY IN STRATEGIC PORTFOLIO MANAGEMENT.

OKRs give organizations an actionable way to connect the dots between strategic goals and daily work. The framework isn't simply a way for teams to set and achieve goals – it's a way to **align every level of the portfolio around strategic objectives, and to keep them aligned**, even as internal and external conditions shift.

In other words, using OKRs at the portfolio level supports strategic portfolio management by enabling strategic focus at every level – not just the very top.

By arming everyone in the organization with a deeper understanding of the 'why' behind their work, **OKRs empower teams to focus on delivering value**. They give them the information and the autonomy to pivot, persevere, or pause based on value-driven objectives.





STRATEGIC PORTFOLIO MANAGEMENT WITH OKRs

4 KEY CAPABILITIES

The OKR capabilities in your portfolio management solution should provide you with the ability to define, measure, and monitor work in a way that is dynamic. Here are four key OKR capabilities that your portfolio management solution should offer.

1

ABILITY TO MAKE OKRs VISIBLE AND CONNECT THEM TO STRATEGY

*Answers the question:
What objectives are we
trying to achieve?*

First, your portfolio management solution should give you the ability to visualize your OKRs and (this is important) connect them to strategy.

The right tool will help to visually “connect the dots” between, at the highest level, your organization’s mission, its core strategic themes, and the specific programs designed to achieve them, all the way down to the individual tasks team members will perform to realize them.

By visualizing how each small task connects to broader organizational objectives, your portfolio management solution will help to ensure that your portfolios are aligned with strategic objectives at every step.



2

ABILITY TO MONITOR PROGRESS TOWARD AN OBJECTIVE

*Answers the question:
How will we measure
our success?*

Your portfolio management solution should also give you the ability to know how and when you've met your objectives, above and beyond simply saying, "The project is done."

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This speaks to the shift organizations need to make, from focusing on outputs, to focusing on outcomes: The right solution will enable teams to tie their work to broader objectives, and ultimately better understand the extent to which they have achieved their objective.

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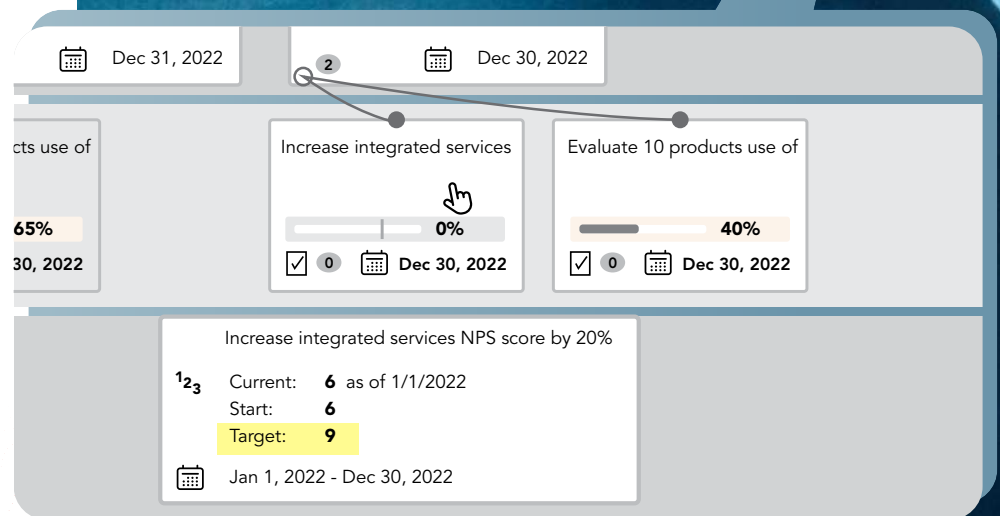
With the help of Key Results, teams can not only monitor their progress toward achieving that objective, but they have a measurable way of determining when they are successful.

REAL-WORLD EXAMPLE

using OKRs at the Portfolio Level

Imagine that an organization has an Objective to improve customer support across products. While the Objective is qualitative, its Key Results are quantifiable; they can be monitored and measured in real-time: The organization will measure whether it has improved customer support across products by tracking the Net Promoter Score of its integrated services.

But they don't have to wait until the end of December (the defined end date) to assess progress. Anyone on the team can see that, to date, they have yet to make progress on raising the NPS score, and adjust their activities accordingly.





3

**ABILITY TO MEASURE
THE BUSINESS IMPACT
OF YOUR INVESTMENTS**

*Answers the question:
What program objectives
are supporting these
portfolios?*

The right portfolio management solution will give your organization the ability to measure the business impact of your investments.

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Armed with an understanding of how their work contributes to larger organizational goals, teams are empowered to pivot, persevere, or pause based on value-driven objectives.

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This also helps teams to be mindful of how their choices are moving the organization toward (or away from) the broader organizational objectives.

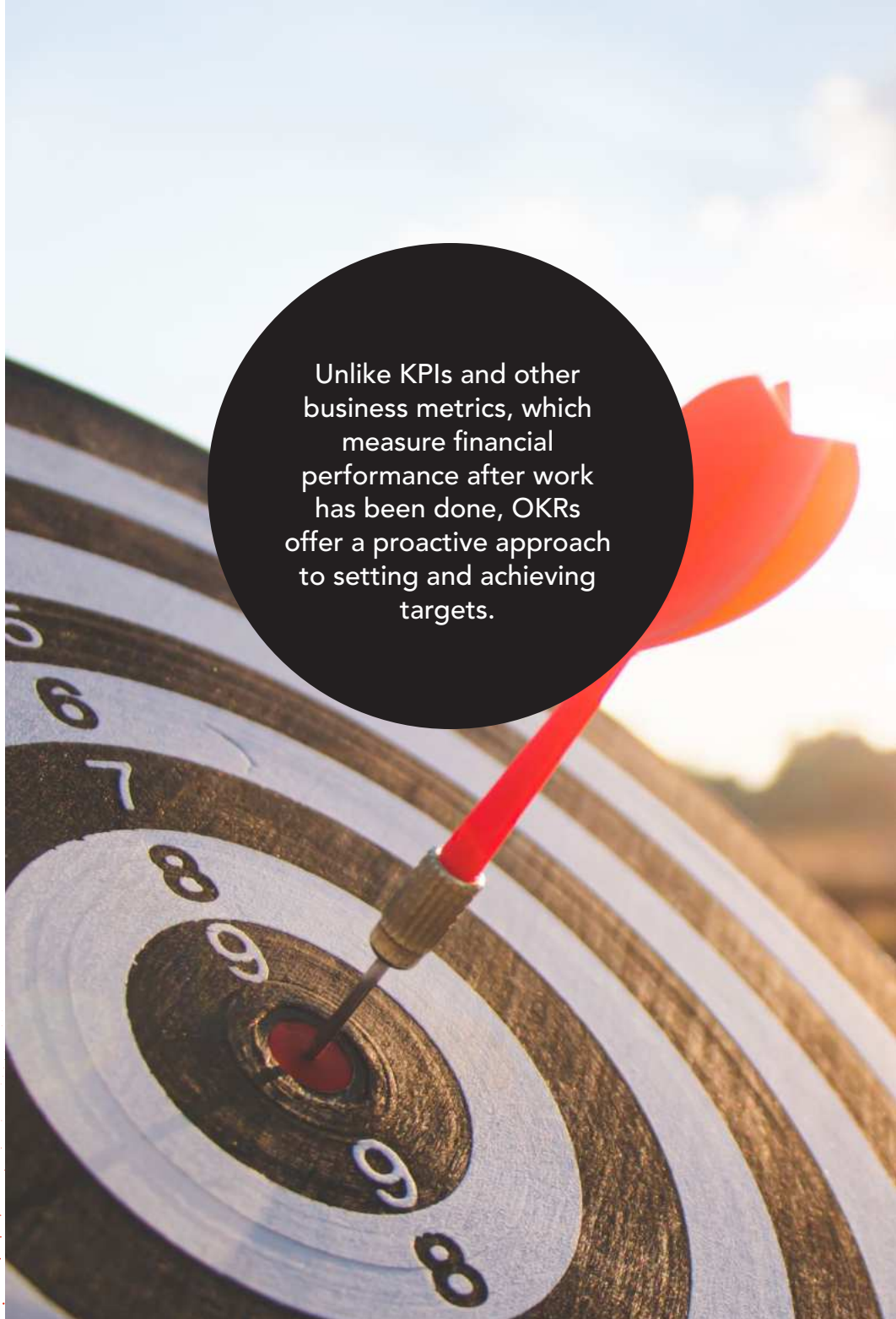
LEADING INDICATORS VS. LAGGING INDICATORS

Typically, teams have to use lagging indicators (in the form of Key Performance Indicators or KPIs) to determine whether or not they have been successful in achieving their objectives.

They only know, often long after the fact, the extent to which their work has fulfilled its intended purpose. This delay makes it difficult for organizations to determine the business impact of their investments, and make investment decisions in real time.

When defined as intended, **Key Results can serve as leading indicators:** They can be used to assess what has been done, and to prioritize actions in the moment based on what has been learned – even before the work is “done.”

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Unlike KPIs and other business metrics, which measure financial performance after work has been done, OKRs offer a proactive approach to setting and achieving targets.



4

**ABILITY TO GAIN
INSIGHTS TO INFORM
RESOURCE ALLOCATION
AND FUTURE WORK**

*Answers the question:
How can we leverage OKRs
for Investment Capacity
Planning decisions?*

Finally, your portfolio management solution should give you insights to inform resource allocation and future work.

.....

The right tool will allow you to leverage this value-driven, dimensional view as part of your investment capacity planning decision process, allowing you to quickly redeploy resources and ensure you're staying aligned with strategic goals.

.....

An effective portfolio management solution will arm you with the information needed to fund iteratively based on outcomes, allowing you to invest where results are being realized.

USE OKRs WITH ROADMAPS FOR GREATER ALIGNMENT

Using OKRs is an effective way to set, communicate, and achieve goals at any level within your organization. You can further increase their efficacy by pairing them with roadmaps.

When used together, OKRs and roadmaps can create a seamless alignment between strategy and execution.

OKRs establish the **what** and the **why** by answering the following questions:

- What goals do we hope to achieve?
- Why are these goals important to us?

Roadmaps establish the **how** and **when** by answering:

- How do we get from start to finish?
- When do we plan this work, and in what order?

When used together, OKRs identify important goals and measure progress against those goals. While the roadmap acts as a visual representation of the work and initiatives, milestones, and dependencies that support or impact your organization's ability to achieve those goals.

BENEFITS OF COMBINING OKRs WITH ROADMAPS INCLUDE:

Greater Alignment

OKRs and roadmaps ensure everyone, from stakeholders to teams doing the work, understand the goals and the work that goes into achieving those goals. **Together, they provide a clear connection between individual efforts and overall business objectives.**

Prioritized Focus

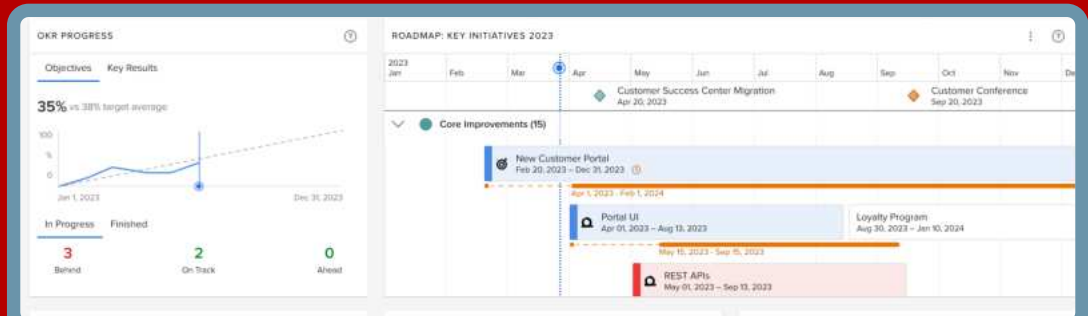
OKRs demonstrate the company's most important goals, roadmaps turn those goals into work, milestones, and dependencies. **This makes it easier to focus constrained resources on tasks that get you closer to your goals, which is important when tasked with making trade-offs or prioritizing / reprioritizing work.**

Enhanced Efficiency and Productivity

When used together, OKRs and roadmaps provide a complete picture of your goals and your path toward achieving those goals. **This can lead to better delivery outcomes when teams know what work is the most important for ensuring success.**

Holistic Visibility into Progress

Use OKRs to measure progress against goals and roadmaps to see which milestones are reached, what teams are working on, and what tasks still remain. **Better visibility empowers leaders to make better informed decisions, adjust plans when needed, and celebrate success along the way.**



OKRs and Roadmaps displayed together in Planview.Me

When used on their own, OKRs and roadmaps are both effective at facilitating strategic alignment. When used together, they ensure it.

KEY TAKEAWAYS

Maintaining alignment – while dynamically adapting to constant operational and macroeconomic change – is a massive challenge for businesses today. The organizations that will thrive are the ones that can bolster their ability to quickly redeploy resources, while staying aligned with strategic goals, financial constraints, and resource capacity.

Leveraging OKRs at the portfolio level can connect the dots between strategy and delivery: Giving businesses the leading indicators they need to keep portfolios aligned with strategy, make value-driven investment decisions faster, and be nimble in spite of major changes in your internal and external environment.

Having the right software to execute both OKRs and adopt strategic portfolio management is key to making this shift. The OKR capabilities in your portfolio management solution should:

- Enable you to visualize OKRs and connect them to strategy
- Arm your organization with the ability to monitor progress toward an objective
- Allow you to measure the business impact of your investments
- Empower members of your organization with the insights needed to inform resource allocation and future work



..... TAKE THE NEXT STEP

Planview Strategic Portfolio Management Solution

Create business agility and reduce the disconnects between strategy, planning, delivery, and results

- Increase speed of responsiveness to disruptions
- Accelerate strategic initiative delivery
- Communicate clearly how strategy connects to work
- Accelerate reallocation of resources

[Watch the Demo](#)

OKRs in Planview Portfolios

Deliver business value with solutions that drive strategic value

- Make OKRs visible and connect them to strategy
- Monitor progress toward an objective
- Measure the business impacts of your investments with leading indicators
- Gain insights to inform resource allocation and future work

[Watch the Demo](#)

Building the Future of Connected Work

Planview® has one mission: to build the future of connected work. Our solutions enable organizations to connect the business from ideas to impact, empowering companies to accelerate the achievement of what matters most.

Planview's full spectrum of Portfolio Management and Work Management solutions create an organizational focus on the strategic outcomes that matter and empower teams to deliver their best work, no matter how they work. The comprehensive Planview platform and enterprise success model enables customers to deliver innovative, competitive products, services, and customer experiences.

Headquartered in Austin, Texas, with locations around the world, Planview has more than 1,300 employees supporting 4,500 customers and 2.6 million users worldwide. For more information, visit www.planview.com.

