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Lean Project Accounting
The Blueprint for Mixed Portfolios

Preface

As adoption of agile extends beyond Technology, it has begun to clash with traditional resource planning processes and governance. Organisations know that they must continuously fund an agile team[1] such that it is "long lived" or "durable". They know they must disconnect funding from the work, and connect it to the team instead. In legacy terms, we could say that the funding for "change" must look and feel like "run".

In this whitepaper, we have set out a framework that answers each of these questions. It has been written with the intention that you can read all of the content end-to-end, or dip in and out, to focus on the particular section that you are interested in.

Contents

Section 1:   **Why employ Agile Accounting?**

Introduction to key concepts including the challenges posed to traditional funding models by the transition from Project to Product.

Section 2:   **How does process and governance work in practice?**

Explanation of how to implement these concepts within your investment governance forums

Section 3:   **How might you track and manage financial performance?**

With the concepts in bedded, how to you start to exploit the benefits of this new system to drive focus on value.

[1] **Agile team** – in this document is a synonym from Product, Value Stream, Squad or any group of resources set up in a long lived delivery context.

Section 1:
Introduction to Agile Accounting
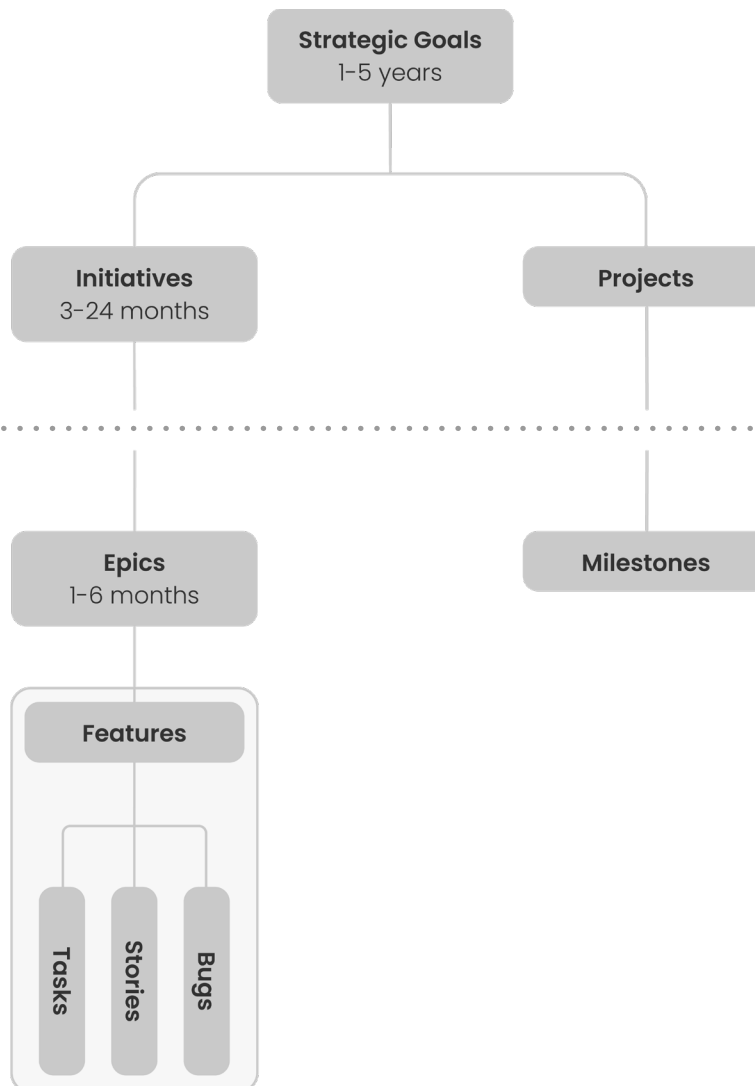
Section 1: Introduction to Agile Accounting

The Lean Project Accounting Blueprint is designed to give organizations the processes, governance and mechanisms to originate, prioritize, invest and track return across a mixed portfolio[2].

Work hierarchy

Before getting into the mechanics of investment governance, organizations must first have established a portfolio work hierarchy. This is a critical first step. The trick is to ensure that the work hierarchy you establish strikes the balance between being sufficiently high level (and abstracted from delivery) to allow a significant future planning horizon, while also ensuring that it is not so far away from delivery that it becomes meaningless.
We have found that this work hierarchy (illustrated below) is effective in achieving this.

Strategic Planning

```
                        Strategic Goals
                          1-5 years

        Initiatives                      Projects
        3-24 months
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Work Execution

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          Epics                          Milestones
        1-6 months

        Features

      Tasks  Stories  Bugs
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[2]**Mixed Portfolio** – a project portfolio made up of at least waterfall and agile initiatives, but possibly also including other types of work.

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