



BEYOND AGILE THEATRE

# The Two-Week Sprint and the Five-Year Plan

The Structural Collision Between Agile Delivery and Annual Portfolio Funding

# The Two-Week Sprint and the Five-Year Plan

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*“We have confused the artefact of control with the reality of it.”*

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## 1. The Portfolio Review That Nobody Believes

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Every October, the same ritual plays out in organisations that have embraced agile delivery. A portfolio board convenes. Business cases are presented — each projecting costs, benefits, and timelines across three to five years, with numbers carried to the nearest thousand. Everyone in the room knows these numbers are fiction. The sponsors know it. The finance team knows it. The delivery leads, who have spent the past twelve months watching scope and priorities shift sprint by sprint, certainly know it. And yet the business cases are debated with the solemnity of audited accounts, because the annual funding cycle demands them.

This is the structural collision that sits at the centre of enterprise agile adoption, and almost nobody is talking about it honestly.

We have spent the better part of a decade getting good at agile delivery. Teams run sprints. Product owners maintain backlogs. Retrospectives happen. In the best organisations, working software ships to users every fortnight. The delivery layer has genuinely changed — and for the better.

But look one level up, at where the money comes from, and the picture is unrecognisable. Portfolio funding still operates on an annual cycle. Budgets are allocated in large blocks to named programmes. Business cases are written in the language of certainty — fixed scope, fixed cost, fixed benefit — because that is what the governance framework demands. And once funding is allocated, the gravitational pull of the approved business case shapes every decision for the next twelve months, regardless of what the teams learn along the way.

The result is an organisational split that goes largely unexamined. At the delivery layer, we have embraced uncertainty. We inspect and adapt. We welcome changing requirements. At the investment layer, we still pretend we can see five years ahead with a spreadsheet and a set of assumptions written in February. Agile at the bottom; waterfall at the top. And the join between them is held together by business cases written in false precision to unlock funding for work everyone knows will change.

## 2. Why the Collision Persists

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It would be comforting to blame this on ignorance — to say that portfolio boards simply have not caught up. But the truth is more uncomfortable. The annual funding cycle persists because it serves several powerful interests simultaneously.

It gives finance a predictable planning horizon. Annual budgets map to annual accounts, annual reporting, annual everything. The entire financial control framework of the organisation is built on the assumption that expenditure can be planned a year ahead and tracked against plan. Quarterly or continuous funding would require a different kind of financial governance — one that most finance functions are not yet equipped to provide.

It gives sponsors a sense of control. A business case with a fixed scope and a fixed cost feels controllable in a way that a rolling investment does not. The fact that this control is largely illusory — that the actual scope will change, the actual cost will differ, and the actual benefits will arrive in unexpected ways — does not diminish the psychological comfort it provides. We have confused the artefact of control with the reality of it.

It gives governance bodies something familiar to govern. Stage gates, tollgates, approval thresholds — the entire apparatus of portfolio governance is built around the assumption that investments move through predictable phases. What would a governance board do if, instead of reviewing a business case once a year, it had to make a smaller funding decision every quarter based on what the teams had actually learned? The honest answer is that most governance boards do not know, and the prospect is quietly terrifying.

And so the collision continues. Teams sprint. Portfolios plan annually. And the gap between them is papered over with status reports that translate iterative reality into the sequential narrative the governance framework requires.

### 3. The Cost of the Gap

This is not merely an aesthetic problem — a bit of organisational untidiness that offends the purist. The gap between agile delivery and annual funding imposes real costs.

The most visible cost is waste in the business case itself. I have watched teams spend weeks — sometimes months — building detailed business cases for work whose scope they knew would change within the first quarter. Every hour spent modelling Year Three benefits for a programme that will pivot by Sprint Six is an hour of institutional fiction. It consumes effort, creates false expectations, and anchors decisions to assumptions that were outdated before the ink dried.

The deeper cost is deferred learning. When funding is locked annually, the natural feedback loop of agile delivery is severed at precisely the point where it matters most. A team discovers in month three that the original hypothesis was wrong — that the market has shifted, or the technology does not scale, or the user need was different from what the business case assumed. In a rational system, this learning would trigger a funding conversation: continue, pivot, or stop. In an annual cycle, it triggers nothing. The funding is allocated. The programme continues. The learning is noted and filed alongside the retrospective actions that nobody reads.

The subtlest cost is agile theatre. When the delivery layer is agile but the investment layer is not, teams learn to perform agility within a fixed envelope. They run sprints, but the sprint backlog is reverse-engineered from a fixed scope. They hold retrospectives, but the structural impediments — the ones that sit in the funding model — are never raised because they are seen as immovable. What looks like agile from a distance is, in practice, time-boxed waterfall with better ceremonies.

## 4. What Would It Take to Close the Gap

The structural answer is straightforward, even if the organisational change is not: funding must follow learning. If we genuinely believe that teams will discover things they did not know at the start — and if we do not believe this, we have no business adopting agile in the first place — then the funding model must accommodate that discovery.

Two practical mechanisms are beginning to emerge, neither of which requires an organisation to abandon financial governance or jump to a model it cannot yet operate.

Quarterly funding reviews. Instead of allocating a full year's budget in a single decision, portfolio boards review and re-confirm funding every quarter. The initial allocation remains annual for planning purposes, but continuation is contingent on demonstrated progress and validated learning. This is not a radical departure — it is, in effect, the stage-gate model adapted to a shorter cycle, with the gate criteria shifted from document completion to evidence of value. A programme that has learned something important — positive or negative — gets a genuine decision point every ninety days rather than running on autopilot for twelve months.

The practical effect is significant. Teams know that their funding is contingent on showing what they have learned, not on defending what they promised. Sponsors get earlier sight of problems. Portfolio boards get to reallocate capital to where it will do the most good, rather than waiting for the annual cycle to release trapped funding from programmes that should have been stopped or redirected months earlier.

Venture-style tranching. Rather than funding a programme in full against a business case, fund it in tranches — each tranche releasing the next stage of investment based on what the previous stage delivered. The analogy with venture capital is deliberate: a seed round does not fund the Series A plan. It funds enough work to reach the next decision point, at which a new investment decision is made with better information. Applied to the enterprise portfolio, this means that a programme receives enough funding to validate its core hypothesis — and no more — before a larger commitment is made.

*The business case becomes a living document — a hypothesis to be tested rather than a contract to be enforced.*

The governance conversation shifts accordingly — from "are you on track against the plan you wrote eighteen months ago?" to "what have you learned, and does it justify the next tranche?"

## 5. The Real Obstacle

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Neither of these mechanisms is technically difficult. Quarterly reviews are a scheduling change. Tranched funding is a budgeting change. The real obstacle is cultural: it requires the organisation to admit, formally and in its governance processes, that it does not know the answer at the start.

This is harder than it sounds. Annual business cases persist not because they are accurate, but because they provide the appearance of certainty in a context that is deeply uncomfortable with ambiguity. A governance framework that says "we will fund this in stages as we learn" is an honest framework, but it is also one that makes the uncertainty explicit. And many organisations, particularly those with long histories of plan-driven delivery, find that honesty genuinely difficult.

The organisations that will close this gap are not necessarily the ones with the most sophisticated agile practices at the delivery layer. They are the ones willing to extend the same logic they have already accepted at that layer — that we learn by doing, and that plans must change in response to what we learn — up into the investment layer where the real decisions are made. Until funding follows learning, agile stops at the portfolio boundary.