The Agile Value Chain

Embracing Agile Throughout the Enterprise

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agilecamp **New York Metro**

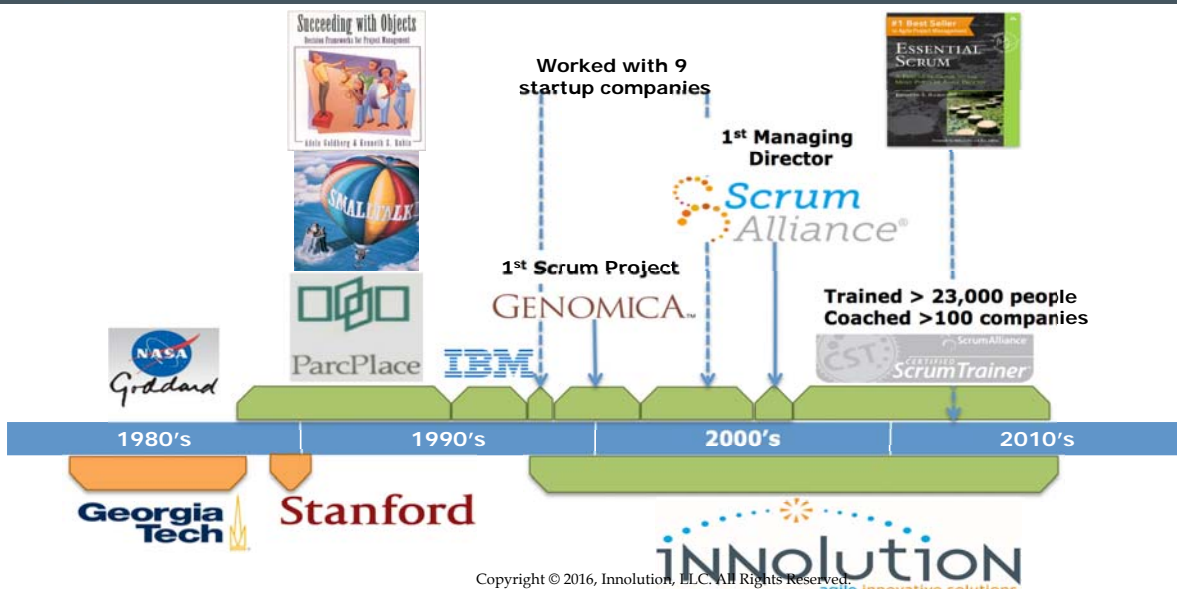Prudential | Hyperdrive AGILE LEADERSHIP | BRATTON & COMPANY | VERSIONONE Agile Made Easier | Swift Kanban from digité | Achieving Agility

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✳ Ken Rubin Overview

Succeeding with Objects

Worked with 9 startup companies

1st Managing Director

ESSENTIAL SCRUM

Scrum Alliance®

1st Scrum Project

GENOMICA

Trained > 23,000 people
Coached >100 companies

SMALLTALK

ScrumAlliance
CST CERTIFIED ScrumTrainer

NASA Goddard | ParcPlace | IBM

1980's	1990's	2000's	2010's

Georgia Tech | Stanford

iNNolution
agile innovative solutions

Essential Scrum in Eight Languages

English

French

German

Chinese

Japanese

Polish

Russian

Brazilian Portuguese

In Production

Thesis of this presentation

To fully realize the benefits of agile, companies must embrace agile throughout the value chain. Failing to do so will provide only limited benefits from its use within the development organization.

Discuss how various non-development organizations can and should embrace agile principles to achieve alignment through the value chain.

Departments outside of IT using Scrum

24. Outside of IT, which departmental areas run Scrum projects?
(Multiple answers allowed)

Operations, production, and research & development are the primary non-IT areas using Scrum for projects.

DEPARTMENTS OTHER THAN IT USING SCRUM

Department	Percentage
Operations or Production	48%
Research & Development	46%
Sales & Marketing	26%
Financial or Accounting	16%
Other	13%
Human Resources	12%

2015 Scrum Alliance State of Scrum Report

Tension due to misalignment

13. Is there tension between the way Scrum teams are run and the way the rest of your organization is managed?

The majority of respondents see some level of tension between Scrum teams and the rest of the organization.
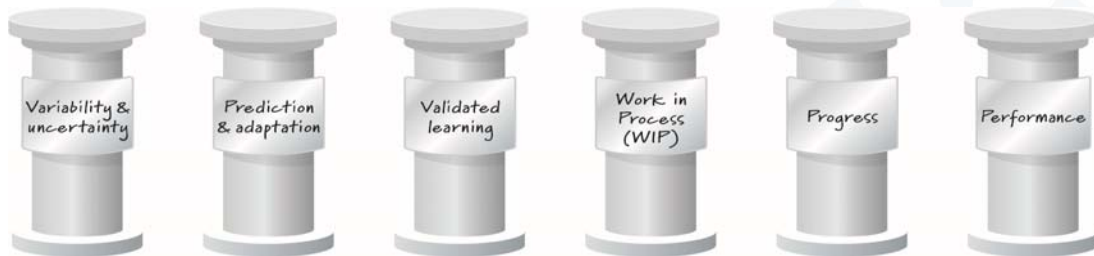
TENSION BETWEEN SCRUM TEAMS AND WIDER ORGANIZATION
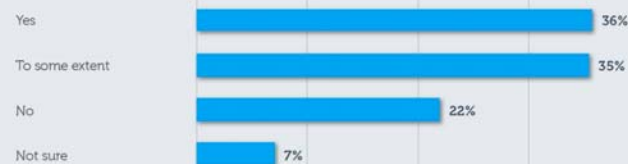
Response	Percentage
Yes	36%
To some extent	35%
No	22%
Not sure	7%

2015 Scrum Alliance State of Scrum Report

Agile principles provide context for alignment

To achieve alignment across the value chain, the organizations involved must be embracing the same core set of agile principles.
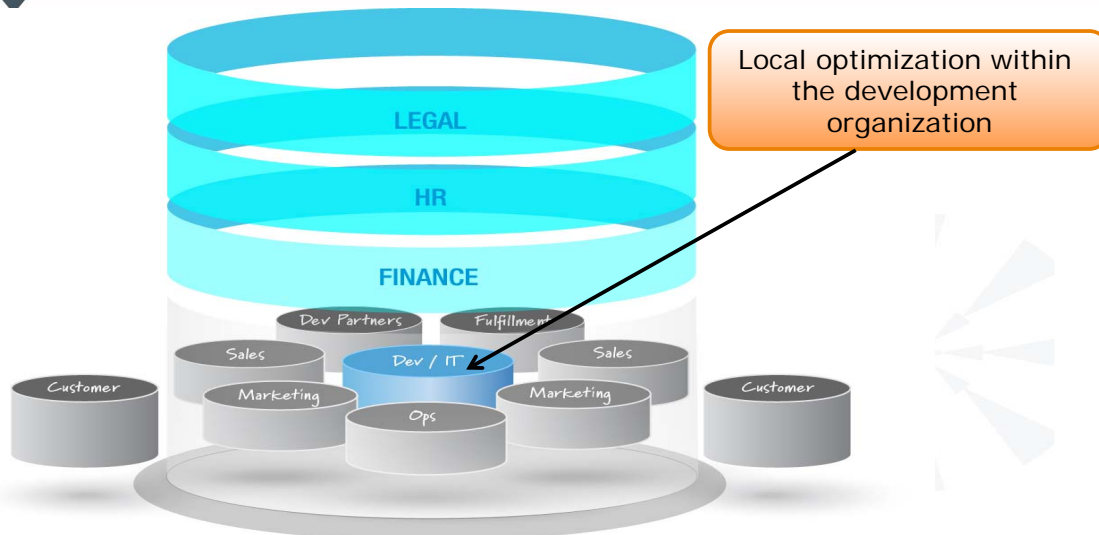

Described in detail in Chapter 3 of Essential Scrum book

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Local agile optimization
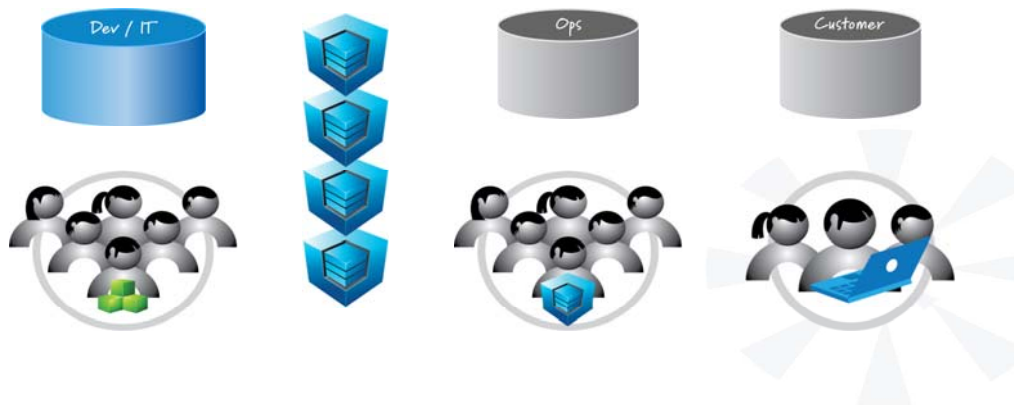

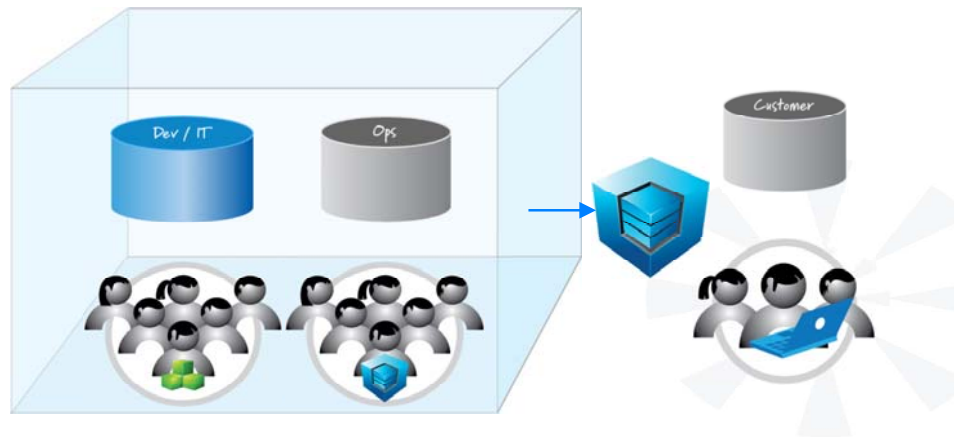Local optimization within the development organization

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Agile in Development/IT

We do Agile here only
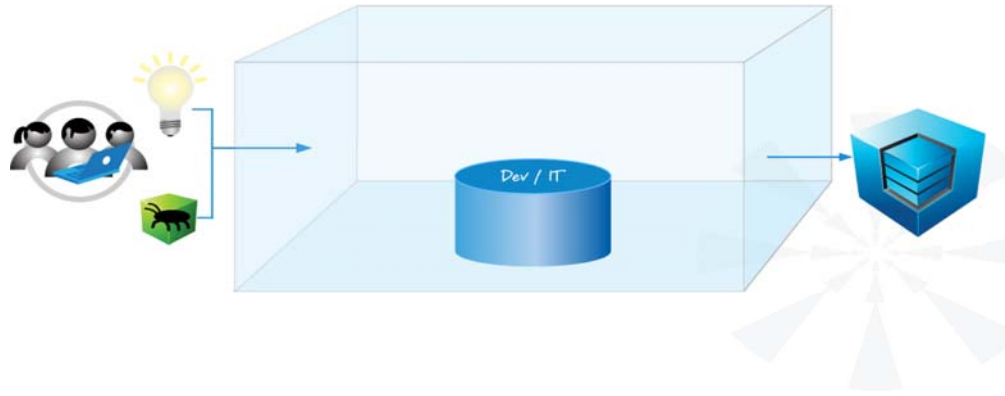
Downstream misaligned
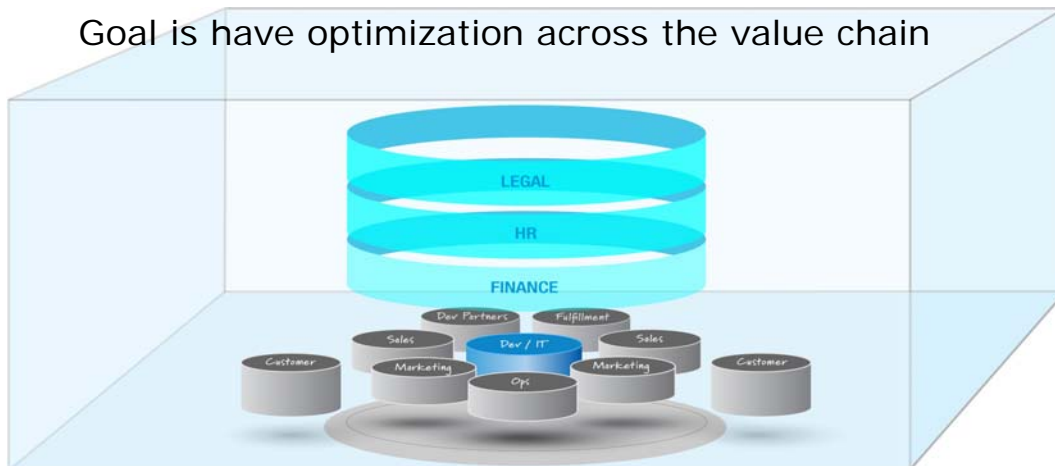
Agile all the way to the customer
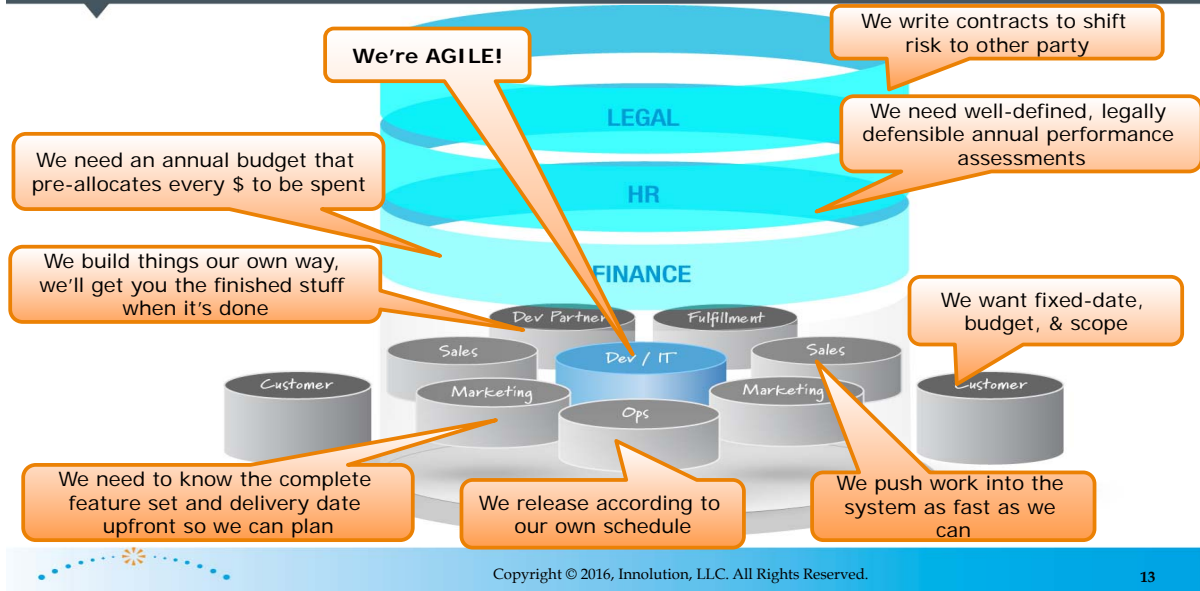
Goal is system (company-wide) agile optimization
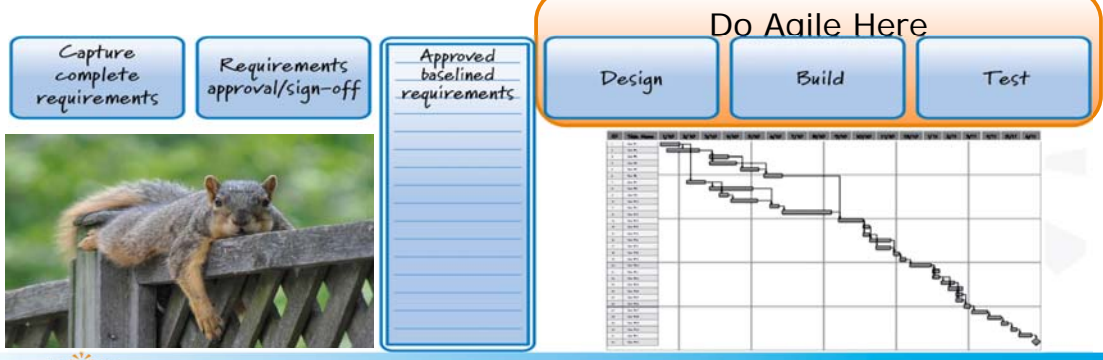
Goal is have optimization across the value chain

Misalignment throughout the value chain

We're AGILE!

We write contracts to shift risk to other party

We need well-defined, legally defensible annual performance assessments

We need an annual budget that pre-allocates every $ to be spent

We build things our own way, we'll get you the finished stuff when it's done

We want fixed-date, budget, & scope

We need to know the complete feature set and delivery date upfront so we can plan

We release according to our own schedule

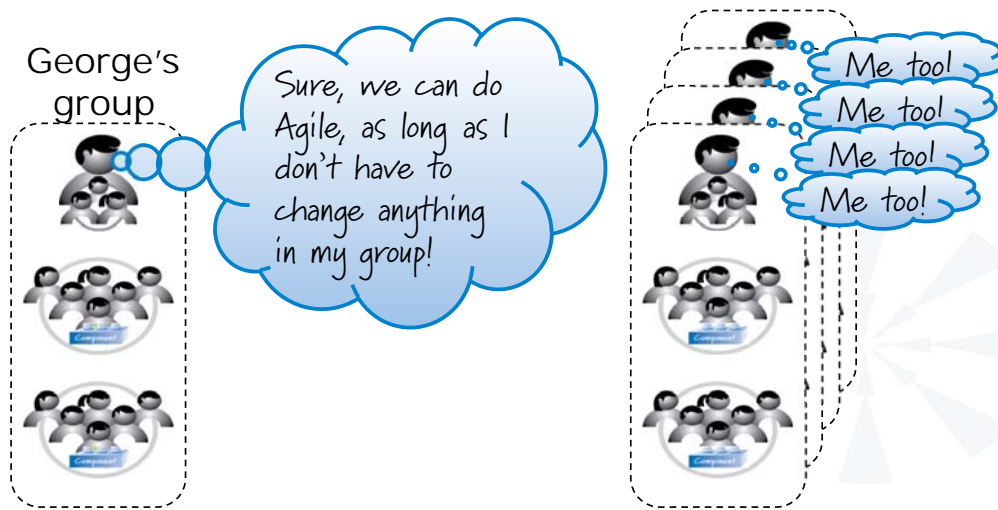We push work into the system as fast as we can

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Internal management misaligned

Develop in an Agile way, but still provide all of the same plan-driven artifacts (e.g., extensive up-front requirements, full budget, and precise schedule) like before to get the project approved


Do Agile Here

Capture complete requirements

Requirements approval/sign-off

Approved baselined requirements

Design

Build

Test

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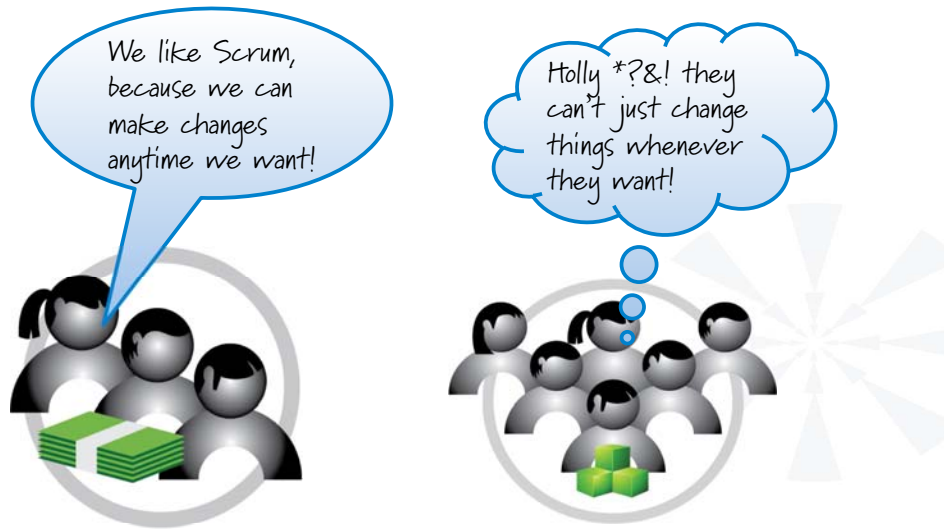# Protection of the fiefdoms

Adaptive exploratory approach

Many organizations **exploit** what is currently known and predict what isn't known

Need to have an adaptive, trial-and-error approach based on appropriate use of **exploration**
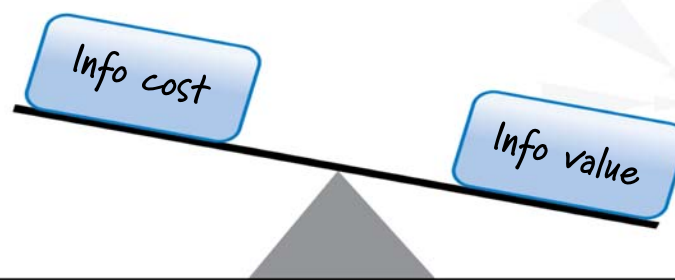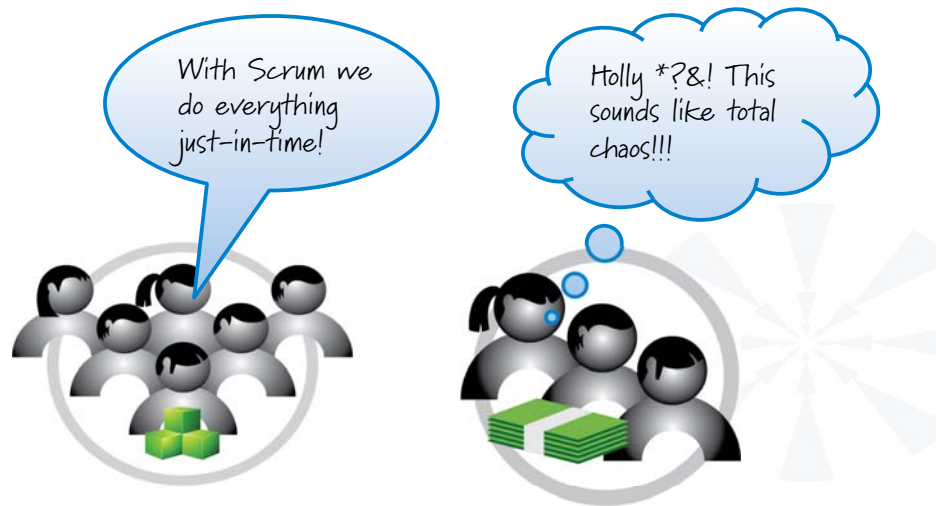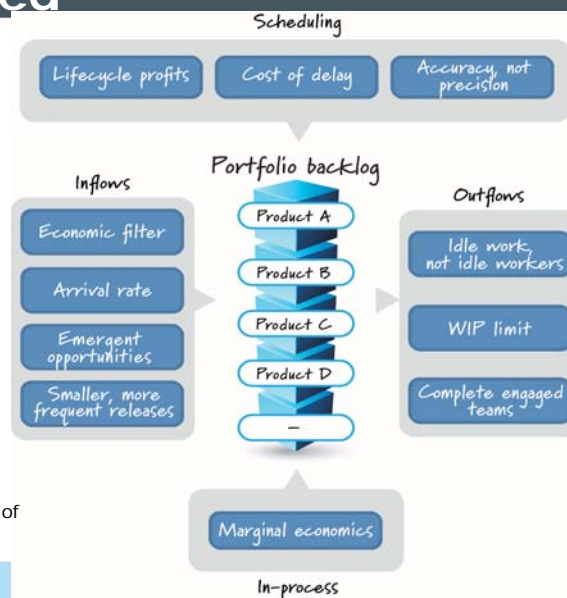
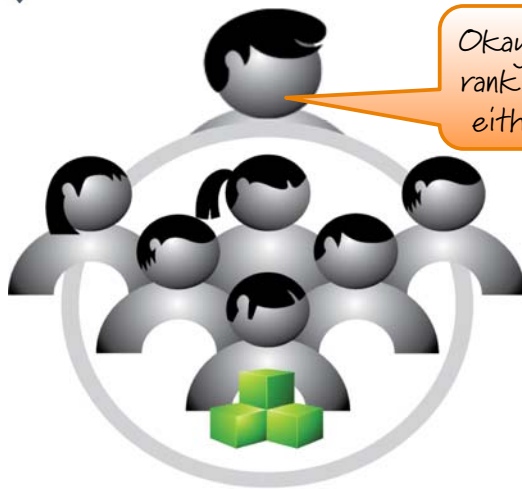# Misunderstanding of when change occurs

Economically sensible change

Misunderstanding of just-in-time

Portfolio (demand) planning misaligned

Described in detail in Chapter 16 of Essential Scrum book

Don't stack rank employees

Okay, HR requires I rank each of you as either a 1, 2, or 3

Oh yeah,
20% will get a 1;
70% will get a 2;
and
10% will get a 3!

Misalignment with Finance team on classifying development costs

Don't understand that Agile stuff, so to be safe, let's expense (vs. capitalize) everything!

Finance team

Capitalize = spread investment over long-term life of asset

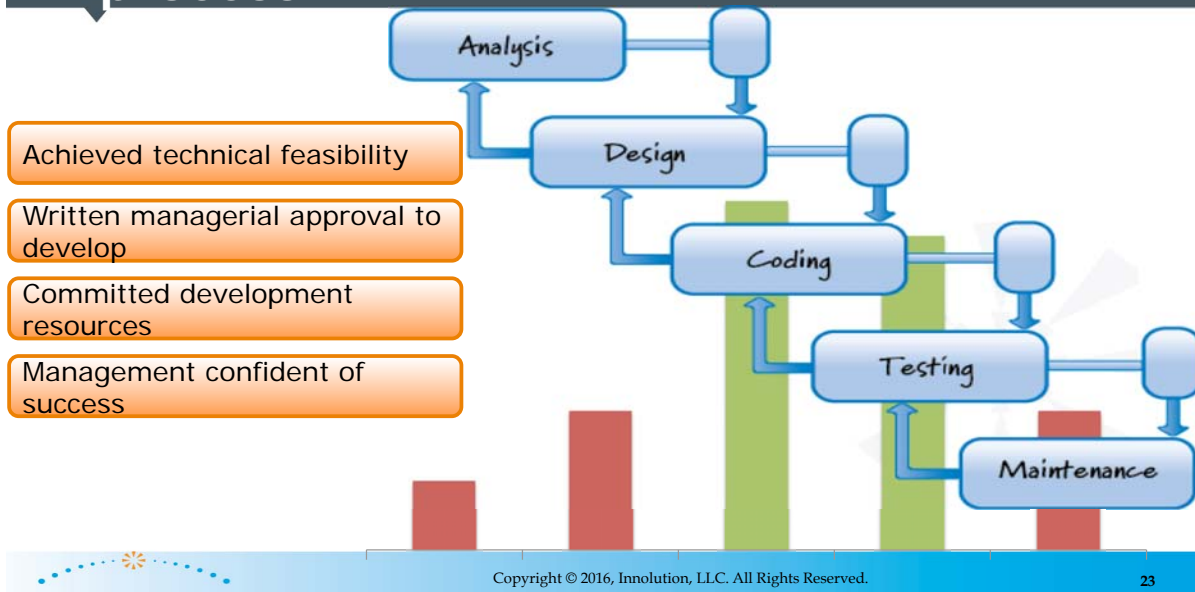Expense = take the immediate hit as an operational expense

Classifying everything as expense results in overpaying taxes and understating value

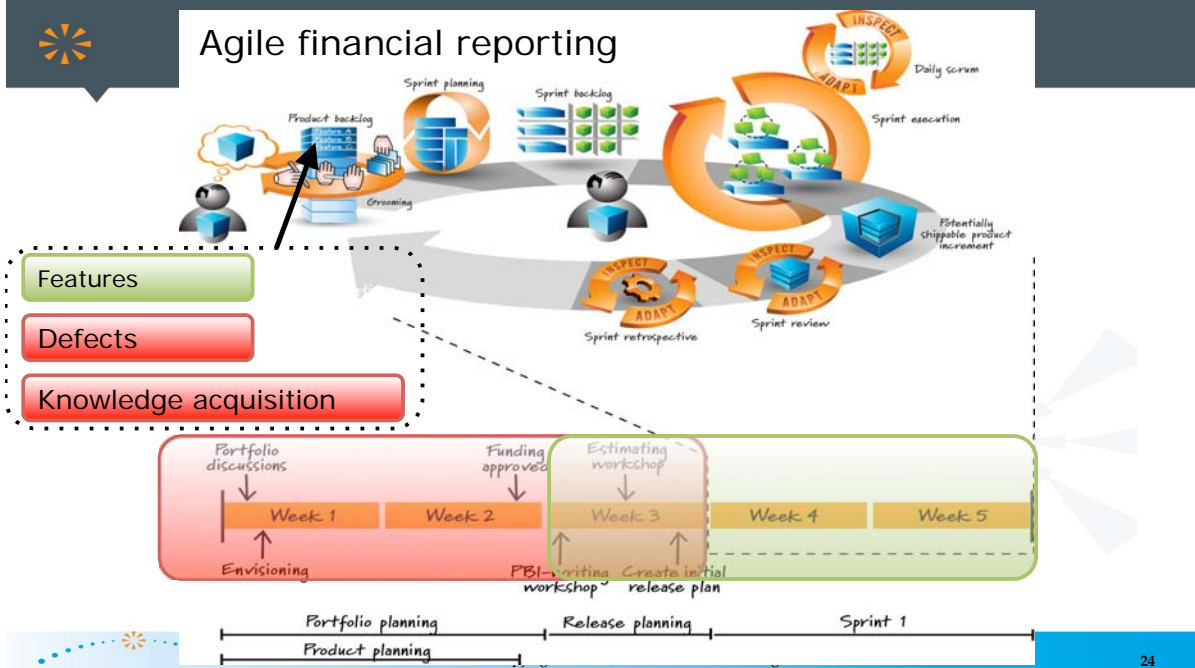Accounting standards use Waterfall examples to explain capitalization rules

If agile projects are expensed and waterfall projects are capitalized, this a major impediment to adopting agile!
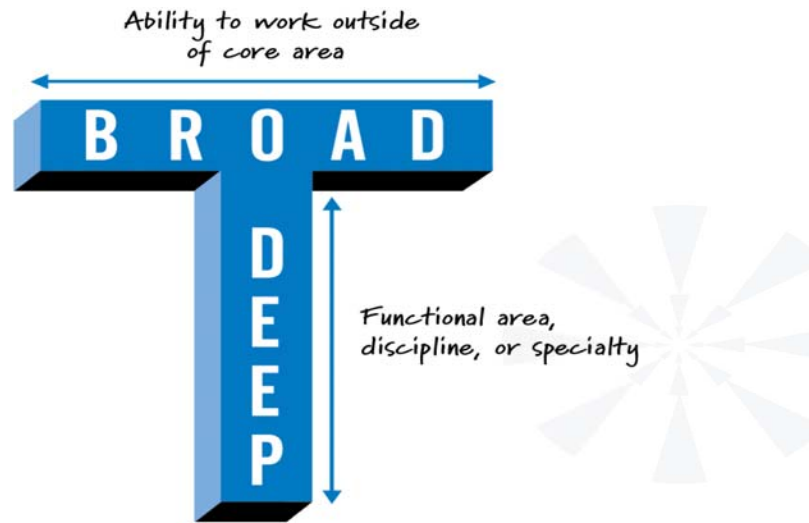
Standard software capitalization process

Achieved technical feasibility

Written managerial approval to develop

Committed development resources

Management confident of success

Analysis

Design

Coding

Testing

Maintenance

Agile financial reporting

Features

Defects

Knowledge acquisition

Sprint planning

Sprint backlog

Product backlog

Grooming

INSPECT

ADAPT

Daily scrum

Sprint execution

Potentially shippable product increment

INSPECT ADAPT

INSPECT ADAPT

Sprint retrospective

Sprint review

Portfolio discussions

Funding approved

Estimating workshop

Week 1 | Week 2 | Week 3 | Week 4 | Week 5

Envisioning

PBI-writing workshop

Create initial release plan

Portfolio planning

Release planning

Sprint 1

Product planning

Hire people who have or want to acquire T-Shaped skills

Ability to work outside
of core area

B R O A D

T

D
E
E
P

Functional area,
discipline, or specialty

Performance reviews

Annual performance review is out of sync with typical agile cadence
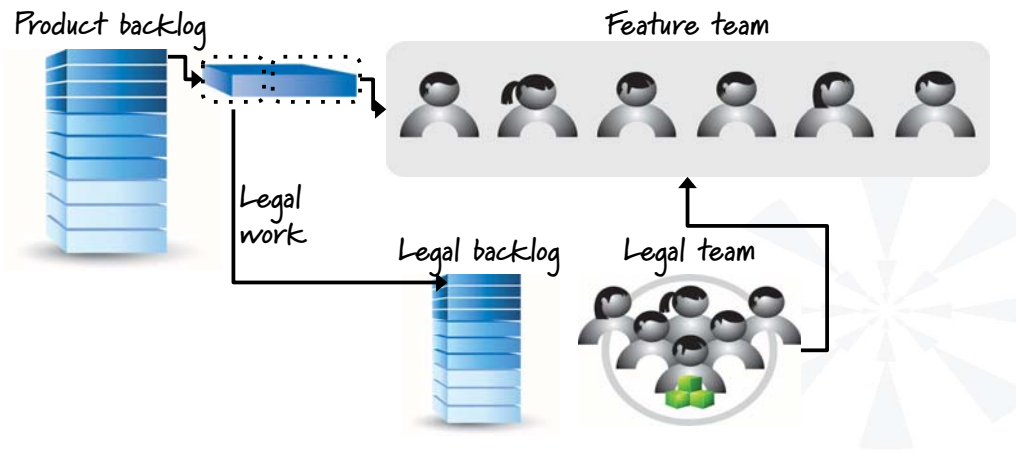
E.g., align feedback with sprints

Can foster low-trust competition within team rather than self-organization with a Musketeer attitude

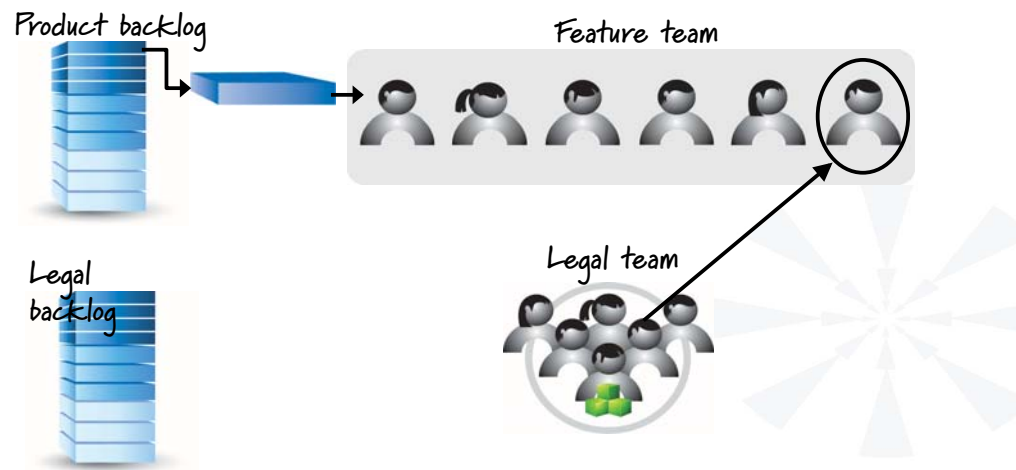Performance is mostly team-based with an individual component

Outsource work to specialist organization (component team)

Product backlog

Feature team

Legal work

Legal backlog

Legal team

Assign specialist to feature team

Product backlog

Feature team

Legal backlog

Legal team

Specialist as consultant to feature team

Product backlog

Feature team

Consultant

Legal backlog

Legal team
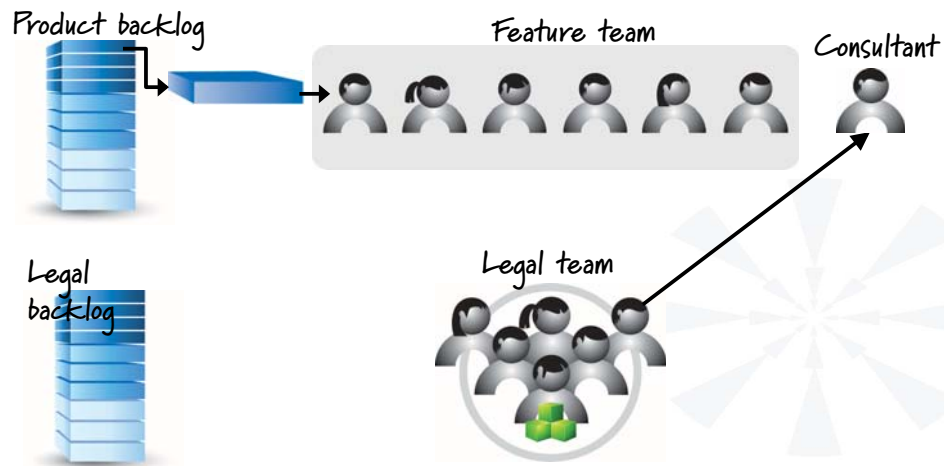
How Marketing can do marketing work in an agile way

Backlog has marketing-related items

Columns relate to states relevant to marketing activity flow

Backlog	Input Queue	Create	Review	Ready to Launch
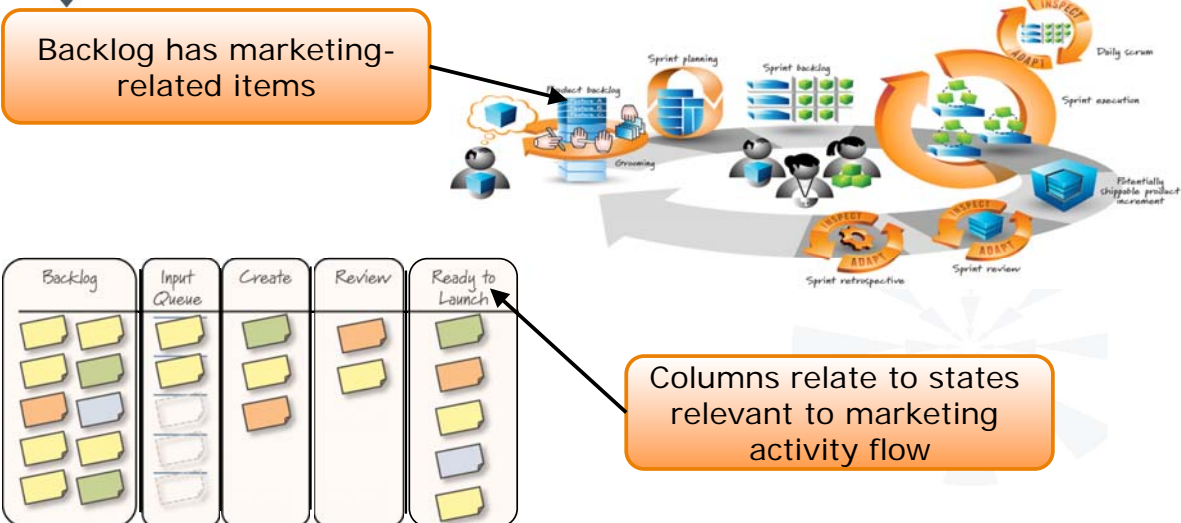
Sales misaligned
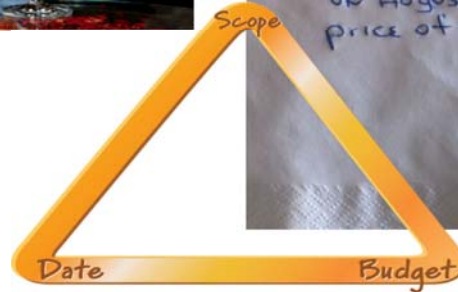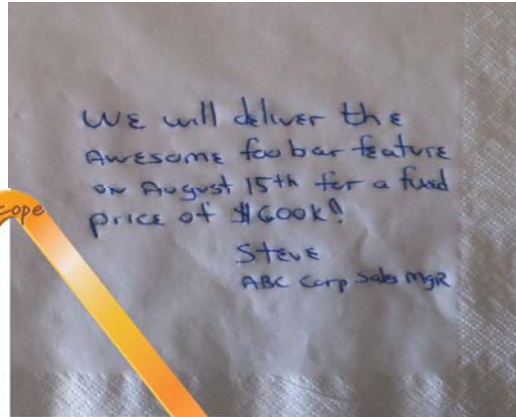
How Marketing and Development interact in an agile way

Range answer to fixed scope

150 story points ÷ 22 points per sprint = 7 sprints

150 story points ÷ 18 points per sprint = 9 sprints
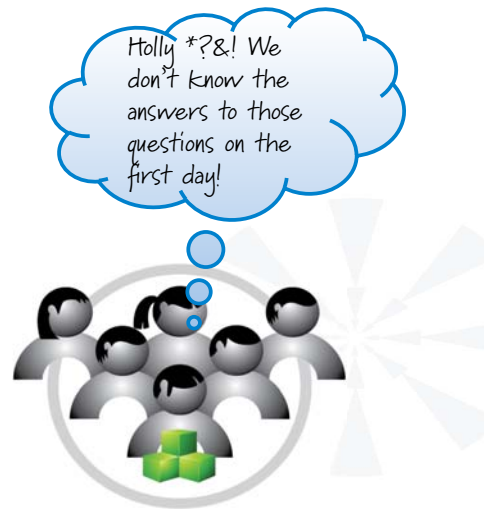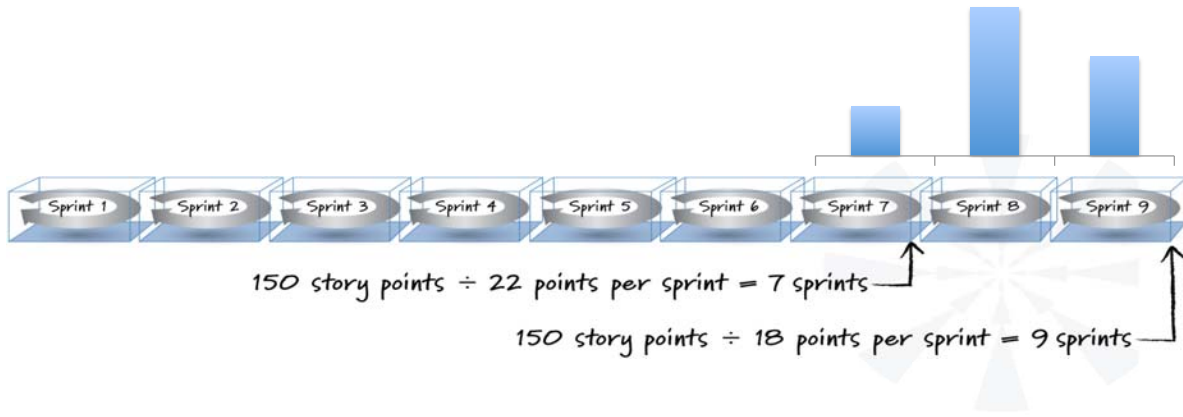
Range answer to fixed date

Today's date	1 January
Desired release date	30 June
Number of sprints	6 (monthly)
Average low velocity	15
Average long-term velocity	20

Item Size

Will have

Must Have

6×15

Must Have

Might have

6×20

Must Have

Won't have
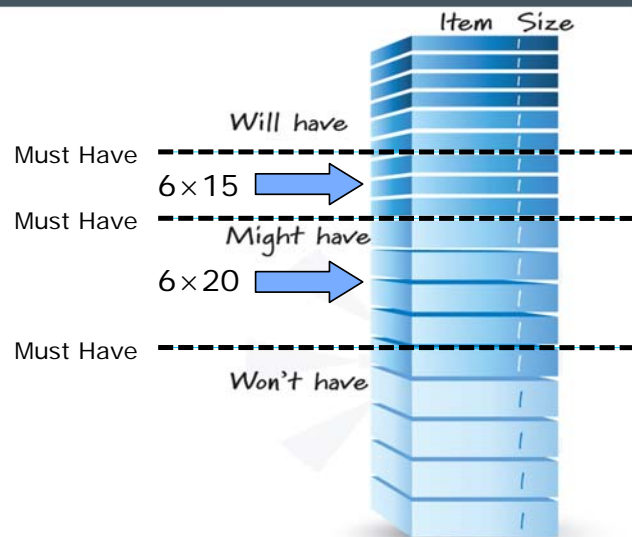
Range answer with probability distribution

Item Size

Will have

6×15

Might have

6×20

Won't have

35

Partners misaligned

Contract

Scope *Fixed*
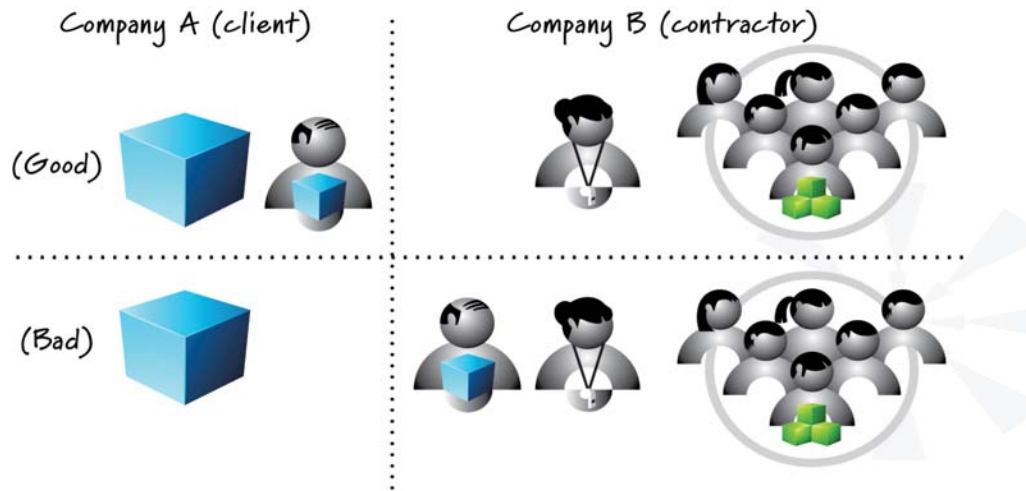
Fixed

Date
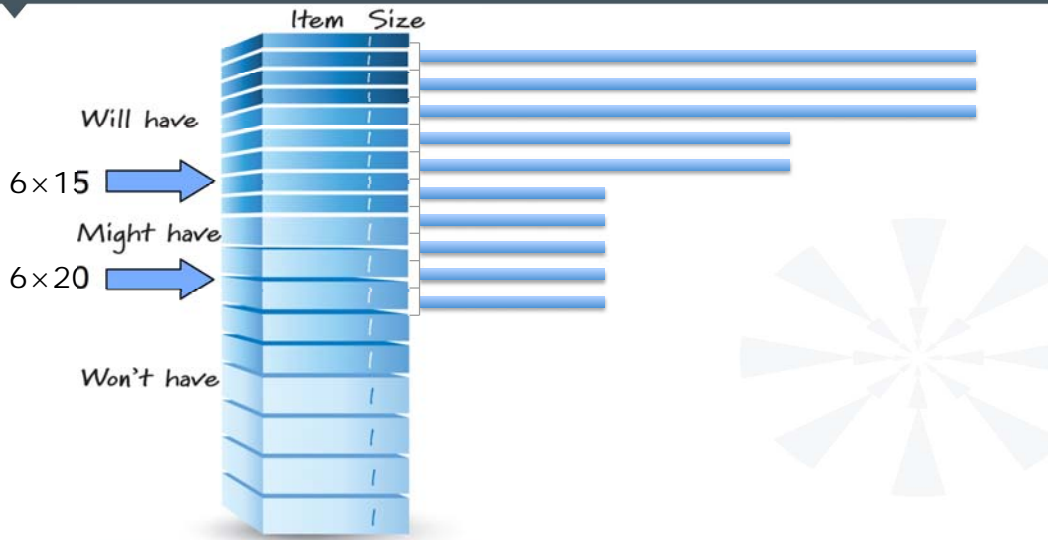
Budget *Fixed*
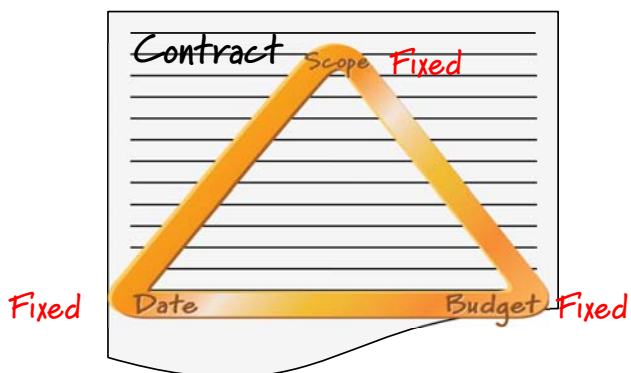
Developing software is exploratory and collaborative

Locking down critical variables on the first day is unreasonable

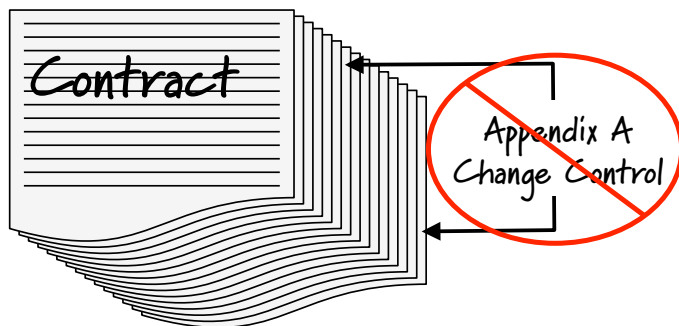Change will happen and overhead of dealing with it must be fast and cheap

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☀ Patterns for contractor development

Company A (client)   Company B (contractor)

(Good)

(Bad)

☀ Agile contracts

Simple model: Run agile with contractors just like you would if you did it internally

Contract

Appendix A
Change Control

Want a collaboration based on trust working towards a common goal (not adversaries)!

Lease agile teams from contractor

Fixed-cost or T&M per sprint

Fixed cost per story point (not very effective)

☀ Contact Info for Ken Rubin

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agile innovative solutions

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Facebook:	www.facebook.com/InnolutionLLC
Google+	plus.google.com/+KennyRubin1/
Essential Scrum: A Practical Guide to the Most Popular Agile Process	www.essentialscrum.com